
OFFICIAL STATEMENT

NEW ISSUE – Book-Entry Only

RATING: Standard & Poor's "AA"
(see "Ratings" herein)

In the opinion of Bond Counsel, assuming continuing compliance with certain covenants of the School District, interest on the Bonds is excludable from gross income for Federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption "Tax Exemption" herein. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

The School District has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (relating to the deductibility of interest expense by certain financial institutions).

\$4,570,000
GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania
General Obligation Bonds, Series of 2012

Dated: Date of Issuance

Interest Payable: April 1 and October 1

Due: April 1, as shown on the inside front cover

First Interest Payment: October 1 2012

The General Obligation Bonds, Series of 2012 (the "Bonds") will be issued as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds will be recorded in book-entry only form in denominations of \$5,000, or any whole multiple thereof. Principal or redemption price of and interest on the Bonds are payable directly to Cede & Co. for redistribution to DTC Participants and in turn to Beneficial Owners as described herein. Interest will be payable on April 1 and October 1 of each year that the Bonds are outstanding, commencing on October 1, 2012. Purchasers will not receive physical delivery of certificates representing their ownership interests in the Bonds purchased. For so long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant, to receive payment of the principal or redemption price of and interest on such Bonds. See "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

In the Resolution adopted by the Board of School Directors of Garnet Valley School District, Delaware County, Pennsylvania (the "School District") on January 24, 2012, authorizing the issuance of the Bonds (the "Resolution"), the School District has covenanted with the registered owners of the Bonds that it will include the amount of the debt service to be paid on the Bonds for each fiscal year in which such sums are payable in its budget for that year and will appropriate such amounts to the payment of such debt service; and shall duly and punctually pay or cause to be paid from the sinking fund, or other revenues or funds of the School District, the maturing principal amount or redemption price of and interest on the Bonds on the dates, at the place and in the manner stated in the Bonds, according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the School District has pledged its full faith, credit and available taxing power, within the limits provided by law (See "TAXING POWERS OF THE SCHOOL DISTRICT – Special Session Act 1 of 2006 (Taxpayer Relief Act)" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein).

The School District has appointed TD Bank, N.A., Philadelphia, Pennsylvania (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal or redemption price on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office presently located in Philadelphia, Pennsylvania (or any successor paying agent at its designated office).

Maturities, Amounts, Interest Rates, Yields and Prices
See Inside Front Cover

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to their making of an informed investment decision.

The Bonds are offered subject to prior sale, delivery, and withdrawal of such offer without notice, when, as and if issued by the School District and delivered to and received by the Underwriter and subject to approval as to legality by Lamb McErlane PC, West Chester, Pennsylvania, Bond Counsel, whose opinion to such effect shall be furnished upon delivery of the Bonds. Certain legal matters have been passed upon for the School District by Michael V. Puppio, Esquire, Media, Pennsylvania, Solicitor to the School District. The Bonds are expected to be available for delivery to the Underwriter through the facilities of DTC in New York, New York on or about March 1, 2012.

Boenning & Scattergood, Inc.

The date of this Official Statement is February 8, 2012.

\$4,570,000
GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania
General Obligation Bonds, Series of 2012

**Maturity Dates, Principal Amounts, Interest Rates,
Yields, Prices and CUSIPs**

DUE: APRIL 1, AS SHOWN BELOW

Maturity	Amounts	Coupon	Yield	Price	CUSIP**
04/01/2013	1,270,000.00	0.500%	0.500%	100.000%	366268 NA4
04/01/2014	1,635,000.00	2.000%	0.700%	102.683%	366268 NB2
04/01/2015	1,665,000.00	3.000%	0.900%	106.371%	366268 NC0

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District and the School District is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The School District has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the earliest date as of which said information is given.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

THE ORDER AND PLACEMENT OF THE MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. 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.

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the School District's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, such as the School District's current budget, and any such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The School District does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the School District does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the School District does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions.

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This Table of Contents is for convenience of reference only and does not list all of the subjects in this Official Statement. In all instances reference should be made to the complete Official Statement to determine the subjects discussed in it. The order and placement of material in the Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance and this Official Statement including Appendices must be considered in its entirety.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

**GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania**

Board of School Directors

Rosemary Fiumara.....	President
Bruce Miller	Vice President
Edward Plasha	Member
Mary Kay Beirne	Member
Tracy A. Karwoski	Member
John J. Camero, III.....	Member
Scott Mayer.....	Member
Richard Jones	Member
Kenneth J. Miller	Member

Superintendent

Dr. Michael L. Christian

Business Administrator

Thomas E. Delaney, C.P.A.

Bond Counsel

Lamb McErlane PC
West Chester, Pennsylvania

Solicitor

Michael V. Puppio, Esquire
Media, Pennsylvania

Paying Agent, Registrar and Sinking Fund Depository

TD Bank, N.A.
Philadelphia, Pennsylvania

Underwriter

Boenning & Scattergood, Inc.
West Conshohocken, Pennsylvania

School District Address

80 Station Road
Glen Mills, Pennsylvania 19342-1558

OFFICIAL STATEMENT
\$4,570,000
GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania
General Obligation Bonds, Series of 2012

INTRODUCTION

This Official Statement, including all preceding pages and appendices, is furnished by the Garnet Valley School District, Delaware County, Pennsylvania (the "School District") in connection with the offering of its General Obligation Bonds, Series of 2012 in the aggregate principal amount of \$4,570,000 (the "Bonds"), in fully registered form, without coupons, in the denomination of \$5,000 and integral multiples thereof and registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York.

The Board of School Directors of the School District adopted a resolution on January 24, 2012, authorizing the issuance of the Bonds (the "Authorizing Resolution"). In the Authorizing Resolution, the School District has covenanted with the registered owners of the Bonds that it will duly and punctually pay or cause to be paid from the sinking fund established thereunder, or other revenues or funds of the School District, the principal of and interest on the Bonds on the dates, at the places and in the manner stated in the Bonds, according to the true intent and meaning thereof, and for such budgeting, appropriation and the payment the School District pledges its full faith, credit and available taxing power (see "The Taxpayer Relief Act" herein), as provided in and in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa.C.S. Chs 80-82 (the "Act").

The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2012. Interest on any Bond is payable by check mailed to the registered owner at the address as it appears on the registration books on the appropriate Record Date as described below. The principal of the Bonds is payable at the corporate trust office of TD Bank, N. A. located in Philadelphia Pennsylvania (the "Paying Agent" or "Sinking Fund Depository"). The Bonds are only transferable on the registration books maintained by the Paying Agent upon presentation and surrender thereof (see "Description of the Bonds" herein).

Certain portions of the following information are summaries of the Resolution, the School District's Budget and the School District's Financial Statements. Such summaries do not purport to be complete and reference is made to the Resolution, the School District's Budget and the School District's Financial Statements, copies of which are on file and available for examination at the offices of the School District and during the offering period at the offices of the Underwriters.

Neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas served by the School District, since the date of this Official Statement or the earliest date as of which certain information contained herein is given.

THE SCHOOL DISTRICT

The School District is a school district of the third class pursuant to the laws of the Commonwealth Pennsylvania (the "Commonwealth") and is a local government unit under the Act. The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

PURPOSE OF THE ISSUE

The net proceeds from the sale of the Bonds, together with a cash contribution from the School district, will be used for the following purposes: (1) to currently refund all of the School District's outstanding General Obligation Bonds, Series of 2002, in the aggregate principal amount of \$6,035,0000 (the "Refunded 2002 Bonds") on April 1, 2012, the date of redemption thereof; and (2) to pay the costs and expenses related to the foregoing purposes and to the issuance of such Bonds.

SOURCES AND USES OF FUNDS

The School District expects to apply the proceeds from the sale of the Bonds for the purposes set forth below.

Sources Of Funds	
Par Amount of Bonds	\$4,570,000.00
Reoffering Premium	149,944.20
Planned Issuer Equity contribution	1,559,175.00
Total Sources	\$6,279,119.20
Uses Of Funds	
Costs of Issuance ⁽¹⁾	77,105.00
Deposit to Current Refunding Fund	6,199,175.00
Miscellaneous	2,839.20
Total Uses	\$6,279,119.20

(1) Includes Legal Fees, Underwriters' Discount, Printing Fees, Rating, Paying Agent, CUSIPs, and Miscellaneous Costs (estimated).

SECURITY FOR THE BONDS

General Obligation

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each fiscal year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such fiscal year, and will duly and punctually pay or cause to be paid from its Sinking Fund, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, including *ad valorem* taxes levied upon all taxable property located within the School District, within limits established by law. See **“TAXING POWERS OF THE SCHOOL DISTRICT”** in this Official Statement. The Act presently provides for enforcement of debt service payments as hereinafter described (see **“Defaults and Remedies”** herein), and the Pennsylvania Public School Code of 1949, as amended (the “School Code”) presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **“Commonwealth Enforcement of Debt Service Payments”** herein).

Defaults and Remedies

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing action in the Court of Common Pleas of Delaware County. The Act provides that any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinabove described.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the School Code presently provides that if any school district fails to pay or to provide for the payment of any indebtedness, at the date of maturity or mandatory redemption, or any interest due on such indebtedness, in accordance with the schedule under which the bonds were issued, the Secretary of Education of the Commonwealth of Pennsylvania (the “Commonwealth”) shall notify the board of school directors of its obligation and shall withhold from any Commonwealth appropriation due such school district an amount equal to the sum of such principal or interest due and shall pay such amount directly to the bank acting as sinking fund depository for the bond issue.

The withholding provisions of Section 633 are not part of any contract with the registered owners of the Bonds and may be amended or repealed by future legislation. The effectiveness of Section 633 may be limited by the application of other withholding provisions contained in the School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally.

Sinking Fund

In the Resolution, the School District has required that a “Sinking Fund – Garnet Valley School District, General Obligation Bonds” Series of 2012 (the “Sinking Fund”), shall be established and maintained with the Paying Agent (the “Sinking Fund Depository”) and segregated from all other funds of the School District. The School District shall deposit in the Sinking Fund, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on such Bonds.

The Sinking Fund shall be held by the Sinking Fund Depository and separately invested by the Sinking Fund Depository in such securities or shall be deposited in such deposit accounts as are authorized by the Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject to withdrawal or collection only by the Sinking Fund Depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the Bonds when due and payable.

THE BONDS

Description of the Bonds

The Bonds will be issued in fully registered form in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$4,570,000, will be dated as of the date of delivery, and will bear interest at the rates per annum and will mature in the principal amounts and at the times set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable initially on October 1, 2012 and, thereafter, semiannually on April 1 and October 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, Bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs.

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to the Paying Agent at its designated corporate trust office in Philadelphia, Pennsylvania (or to any successor paying agent at its designated office).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding October 1, 2012, in which event such Bond shall bear interest from the date of issue of the Bonds of the Series, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which the interest was paid on such Bond.

Interest on each Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day (whether or not a day on which the Paying Agent is open for business) of the month immediately preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bond not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth day preceding the date of mailing.

If the date for the payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Optional Redemption

The Bonds are not subject to optional redemption.

Notice of Redemption

The Paying Agent shall give notice of any such redemption by first class mail, postage prepaid, mailed not more than sixty days nor less than thirty days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed at the addresses shown on the registration books kept by the Paying Agent as of the date the Bonds are selected for redemption. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for the redemption of other Bonds so called for redemption as for which proper notice shall have been given.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then the date for payment of such principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in the Commonwealth are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the Paying Agent shall send redemption notices only to Cede & Co. See "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.

Transfer, Exchange and Registration of the Bonds

Subject to the provisions described below under "DTC AND THE BOOK-ENTRY ONLY SYSTEM", Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its corporate trust office located in Philadelphia, Pennsylvania, or such other office as is designated by the Paying Agent, accompanied by a written instrument or instruments in form, with instructions and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required: (a) to issue or register the transfer or exchange of any Bond then considered for redemption during a period beginning at the close of business on the fifteenth day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given; or (b) to register the transfer or exchange of any portion of any of the Bonds selected for redemption until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same, maturity and interest rate.

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the School District or the Underwriter.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 certificate will be issued for each maturity 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, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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).

Payments of principal, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent, on payable date 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 is the case with Bonds 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 School District or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District 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 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 School District 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 information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the School District takes no responsibility for the accuracy thereof.

THE SCHOOL DISTRICT AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, (2) CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN THE BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A BONDHOLDER WITH RESPECT TO (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE BONDS.

The School District may determine to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be prepared and delivered as described in the Ordinance.

So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the Holders, holders, owners or registered owners of such Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

In the event that the Book-Entry-Only System is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions applicable to registered owners would apply: (i) Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity in other authorized denominations, upon surrender thereof at the designated corporate trust office of the Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the Paying Agent for such purpose only upon the surrender thereof to the Paying Agent together with a duly executed assignment in form satisfactory to the School District and the Paying Agent; and (iii) for every exchange or registration of transfer of Bonds, the Paying Agent may impose a charge sufficient to reimburse it for any tax, fee or governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds.

REVENUES FROM STATE SOURCES

School districts in the Commonwealth receive, annually, financial assistance from the Pennsylvania Department of Education. Broadly speaking, the amount of such assistance is based upon (i) the market value of real estate within the district per pupil, (ii) personal income within the district per pupil and (iii) the school district's tax effort, all as compared with such figures on a state-wide basis.

The School District presently receives State reimbursements for instruction, special education, homebound instruction, transportation, vocational education, driver education, nursing services, medical and dental services and rental and sinking fund payments.

The four major programs that constitute such State aid for the School District are the subsidies for Instruction and Operations, Special Education, Transportation and Social Security and Retirement payments. Such State aid accounted for 13.28% of the total revenues of the School District in the 2010-11 school year.

The instructional subsidy received by a school district is based, in part, upon the School District's "Market Value/Personal Income Aid Ratio" as such term is defined in the Public School Code of 1949, as amended (the "School Code"). This Market Value/ Personal Income Aid Ratio is a function of both the ratio of the per pupil market value in the school district to the per pupil market value in the Commonwealth and the ratio of the per pupil personal income in the school district to the per pupil personal income in the Commonwealth. The School District's 2011-12 Market Value/Personal Income Aid Ratio is .3225.

The actual instructional subsidy for any school year is calculated by multiplying the Market Value/Personal Income Aid Ratio by the "Actual Instructional Expense per Weighted Average Daily Membership" or by the "Base Earned For Reimbursement", whichever is less, and by the "Weighted Average Daily Membership" of the school district (the foregoing terms being defined in the School Code). The "Median Actual Instruction Expense Per Weighted Average Daily Membership" is to be computed each year by the Commonwealth's Secretary of Education.

A school district may spend in excess of its Base Earned For Reimbursement per pupil; however, in such event, the computation of the amount of reimbursement will be based upon the school district's Base Earned For Reimbursement. Expenditures in excess of the Base Earned For Reimbursement are borne by the school district. However, if a school district expends less than its Base Earned For Reimbursement, the computation of the amount of the reimbursement will be based upon the amount actually expended.

Rental and sinking fund reimbursement from the State for school building projects is determined by the "Reimbursement Percentage" assigned to the school building project and the school district's "Market Value Aid Ratio" ("MVAR") or "Capital Account Reimbursement Factor" ("CARF"), whichever is higher. The School District's CARF is currently the higher at .3120. Most school building projects in Pennsylvania are eligible for state reimbursement. Certain school building projects, such as school administration buildings and vehicle maintenance buildings, are ineligible for reimbursement. A reimbursable percentage, based upon the rated pupil capacity of the new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the School District CARF determines the state share of the annual lease rental or debt service for that school year.

The annual state reimbursement for the past ten fiscal years, actual or estimated, and the current fiscal year's budget is as follows:

<u>School Year</u>	<u>State Reimbursement</u>	<u>School Year</u>	<u>State Reimbursement</u>
2000-01	\$ 5,054,508	2006-07	\$ 9,066,084
2001-02	6,005,941	2007-08	9,459,576
2002-03	6,519,719	2008-09	10,525,377
2003-04	6,482,289	2009-10	10,549,733
2004-05	7,126,956	2010-11	10,580,509
2005-06	7,606,811	2011-12 ⁽¹⁾	11,291,242

⁽¹⁾ Budgeted.

TAXING POWERS OF THE SCHOOL DISTRICT

NOTE: See “The Taxpayer Relief Act (Act 1)” below for a discussion of certain school district taxing power limitations.

The School District is empowered by the Pennsylvania Public School Code and other statutes to levy the following taxes:

1. An *ad valorem* tax on all property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An *ad valorem* tax on all property taxable for school purposes, limited as described in “Special Session Act 1 of 2006 (Taxpayer Relief Act)”, to provide funds for:
 - (a) minimum salaries and increments for the teaching and supervisory staff;
 - (b) rentals due any municipality authority, or non-profit corporation, or due the State Public School Building Authority;
 - (c) interest and principal on any indebtedness incurred under the Act or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
3. An annual per capita tax on each resident over eighteen years old of not more than \$5.00.
4. Additional taxes levied under the Local Tax Enabling Act (Act 511 of 1965) (the “Local Tax Enabling Act”) including per capita, wage and other earned income, real estate transfer and occupation taxes, subject to sharing with other political subdivisions authorized to levy similar taxes on the same person, property, transaction or income. A school district cannot levy these taxes in an amount which exceeds the equivalent of 12 mills on the market value of taxable real estate (such market value to be certified by the State Tax Equalization Board). **See below for a discussion of possible limitations on future tax increases.**

The Local Tax Enabling Act has been amended by Act 166 of 2002 which authorizes all taxing authorities to increase, in their individual judgment, the exemption level for per capita, occupational, earned income or such similar taxes from \$5,000 to \$10,000. This amendment went into effect February 2003.

The Taxpayer Relief Act (Act 1)

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public school which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by PDE.

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum; to pay interest and principal on indebtedness incurred within certain limits for academic elementary or secondary school building projects; to pay interest and principal on indebtedness for up to \$250,000 (adjusted annually by an inflationary factor) of the construction cost of a nonacademic school construction project; and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. to pay costs incurred for providing health care-related benefits which are directly attributable to collective bargaining agreements in effect on January 1, 2006, between the school district and its employees' organization if the anticipated increase in the cost of such benefits between the current year and the upcoming year is greater than the Index; and

A school district intending to utilize the foregoing exceptions is entitled to apply to the Pennsylvania Department of Education ("PDE") for approval thereof, if and to the extent a tax increase greater than the Index is needed in any particular fiscal year. The Taxpayer Relief Act provides that PDE shall approve a school district's request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable increase under the Index. There can be no assurance, however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 3 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by the court or PDE, as the case may be. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a

school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

In accordance with the Taxpayer Relief Act, the Board of School Directors of the School District placed a referendum on the ballot for the May 15, 2007 primary election seeking voter approval to levy (or increase the rate of) an earned income tax or personal income tax and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was not approved by a majority of the voters at the primary election.

A board of school directors may submit, but is not required to submit, a further referendum question to the voters at the municipal election in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of further funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate which, when combined with any tax rate authorized at the 2007 primary election, is required to provide the maximum homestead and farmstead exclusions allowable under law.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF THE TAXPAYER RELIEF ACT. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF THE TAXPAYER RELIEF ACT NOR A LEGAL INTERPRETATION OF ANY PROVISION OF THE TAXPAYER RELIEF ACT AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF THE TAXPAYER RELIEF ACT AS PART OF ANY DECISION TO PURCHASE THE BONDS.

The 2012 Bonds are “Grandfathered” under the Taxpayer Relief Act

The Bonds refund indebtedness of the School District that was incurred under the Act by a resolution duly adopted by the Board of School Directors on August 28, 2001 with respect to the Series of 2002 Bonds, and therefore 2012 Bonds, which refund the 2002 Bonds, are grandfathered under Act 1. The School District did not elect to become subject to the provisions of former Act 72 of 2004 (“Act 72”) (Act 72 was repealed by the Taxpayer Relief Act), and the Bonds described in this Official Statement represent debt which was incurred by the School District under the Act prior to June 27, 2006, the effective date of Act 1. Under Act 1, the School District is entitled to apply to PDE for an approval to utilize a referendum exception, if and to the extent a tax increase greater than the Index is needed to pay principal and interest on the Bonds in any particular fiscal year (see “The Taxpayer Relief Act” and “Budgeting Process in School Districts under the Taxpayer Relief Act” herein). The Taxpayer Relief Act provides that PDE shall approve a school district’s request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable increase under the Index. There can be no assurance, however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School district currently does not levy an occupation tax.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the General Fund accounts of the school district.

FINANCIAL HISTORY

The School District has never defaulted on the payment of debt service or lease rentals.

BORROWING CAPACITY

The Act imposes certain limits on the amount of indebtedness the School District is permitted to incur without voter approval. Those limits on debt are determined by the School District's borrowing base and the classifications of its indebtedness deemed to be outstanding. The Act provides no limit on the amount of debt incurred with the approval of the voters. The analysis of the remaining borrowing capacity of the School District is contained in Appendix A to this Official Statement.

LABOR RELATIONS

The School District contracts with the Garnet Valley Education Association (GVEA) which is affiliated with the Pennsylvania State Education Association (PSEA) covering the professional employees of the School District other than administrators. GVEA acts as bargaining agent for such employees under the conditions of Pennsylvania Law (Act 195), as amended, providing for collective bargaining, fact finding and mediation. Professional employees have a limited right to strike under Act 195 if bargaining and mediation do not result in agreement on a new contract. The current contract with the GVEA expired on June 30, 2011.

The School District’s support personnel, exclusive of certain administrative and part-time employees, are represented by the Garnet Valley Educational Support Personnel Association (the “GVESPA”). The contract with the GVESPA expired on June 30, 2011.

The School District has not been subject to a labor work stoppage since 1990 and expects to reach agreements with the GVEA and GVESPA, through a negotiation process not including work stoppage.

PENSION PROGRAM

The School District participates in a Commonwealth-administered pension program under which contributions are made by each of three parties: the School District, the Commonwealth, and the individual employee. All of the School District's full-time employees and part-time hourly or per diem employees over 80 days per year participate in the program. Currently each party to the program contributes a fixed percentage of employees' gross earnings. As of July 1, 1996 the School District's contribution percentage was 10.60% with the Commonwealth reimbursing the School District for one-half of the cost. This percentage was decreased to 8.76% as of July 1, 1997. For employees hired on or before July 22, 1983, their contribution rate is 5.25%. The contribution rate for employees hired after July 22, 1983 is 6.25%. The School District's contribution to the pension program for years ended June 30, 2011, 2010 and 2009 were \$2,467,114, \$1,971,616, and \$2,071,234 respectively. The School District has always made its annual retirement contributions as required. The pension program is wholly administered by the statewide autonomous Public School Employees Retirement System (PSERS) with offices in Harrisburg, Pennsylvania. The School District has no responsibility or authority for the operation and administration of the pension program, nor has it any related liability except for its current contribution requirements.

PSERS is the 17th largest defined benefit pension fund in the nation. PSERS is primarily responsible for administering a defined benefit pension plan for public school employees in the Commonwealth of Pennsylvania. In the fall of 2010, the PSERS completed its process of publishing financial statements for the year ended June 30, 2010, in compliance with reporting standards established by Government Accounting Standards Board's Statement No. 25 and Statement No 26. PSERS' total plan net assets increased by \$5.6 billion from \$45.8 billion at June 30, 2010 to \$51.4 billion at June 30, 2011. This increase was due to net investment income plus member and employer contributions exceeding the deductions for benefits and administrative expenses. However, despite the increase during the 2011 fiscal year of PSERS, total plan net assets from June 30, 2008 to June 30, 2009 fell in the amount of \$11.3 billion, from \$62.7 billion at June 30, 2008 to \$43.2 billion. This decrease was due to net investment loss and payment of pension benefits and administrative expenses which, when combined, exceeded member and employer contributions. The Fund's complete report is available on the PSERS website on the Internet: www.psers.state.pa.us.

Source: PSERS – Financial Highlights.

CONTINUING DISCLOSURE

The School District is in compliance with its current Disclosure Agreement for the benefit of the registered owners of series of bonds already issued. There have recently been significant amendments to Rule 15c2-12(b)(5) (the "Rule") making it appropriate for the School District to restate its Continuing Disclosure obligations for the Bonds. The Disclosure Agreement, as contained in the Authorizing Resolution requires that the School District will provide the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA") in accordance with the Rule and, if one is established for the Commonwealth, to the appropriate state information depository ("SID"), if any, within 180 days of the end of each fiscal year of the School District, the following annual information.

The annual financial information will be provided for each fiscal year of the School District commencing with the fiscal year ending June 30, 2012. Audited financial statements of the School District will be provided to the MSRB via EMMA and to the SID, if any, when available. The financial statements of the School District are prepared in conformity with Generally Accepted Accounting Principles ("GAAP"), and to the extent not contained in the financial statements, an update of information contained in the Official Statements relating to assessed valuation and realty tax rates, real estate tax collections, and pupil enrollments. The Disclosure Agreement will also provide that the School District will file in a timely manner, with the Municipal Securities Rulemaking Board (the "MSRB") notice of: the occurrence of any of the following nine events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
6. tender offers;
7. defeasances;
8. rating changes; and
9. bankruptcy, insolvency, receivership or similar proceeding of the School District.

The nine events listed above are quoted directly from the Rule. The following seven events shall be reported through EMMA, but only if determined to be material:

1. non-payment related defaults;
2. material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;
3. modifications to rights of the holders of the Bonds;
4. Bond calls;
5. release, substitution or sale of property securing repayment of the Bonds;
6. appointment of a successor or additional paying agent, or the change of name of a paying agent; and
7. the consummation of a merger, consolidation, or acquisition involving the School District, the sale of all or substantially all of the assets of the School District 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.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, as required by law or in the exercise of reasonable business judgments, such other events are material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District. The School District reserves the right to terminate its obligations to provide annual financial information and notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds. The right to enforce the provisions of such undertaking shall be limited to a right to obtain, upon failure of the School District to provide requested information after 10 days written notice, specific enforcement of the School District's obligations and any failure by the School District to comply with the provisions of such undertaking shall not be an event of default with respect to the Bonds. The School District's obligations to provide continuing disclosure shall terminate upon payment in full of the Bonds.

The School District is current in its filing obligations relating to secondary market disclosure.

LEGAL MATTERS

Certain legal matters relating to the authorization and issuance of the Bonds will be subject to the approving opinion of Lamb McErlane PC, West Chester, Pennsylvania, Bond Counsel. Certain other legal matters will also be passed upon for the School District by Michael V. Puppio, Esquire, Media, Pennsylvania.

TAX EXEMPTION

In the opinion of Bond Counsel, assuming compliance with certain covenants of the School District, interest on the Bonds is excludable from gross income of the owners of the Bonds for Federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds will not be an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code") for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust, real estate mortgage investment conduit, or financial assets securitization investment trust) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Bonds may give rise to collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with "excess net passive earnings", individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to any such collateral Federal income tax consequences. Purchasers of the Bonds should consult their own tax advisors as to collateral Federal income tax consequences.

The initial public offering price of the Bonds of certain maturities set forth on the inside cover page, ("Discount Bonds") is less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder of a Discount Bond will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for Federal income tax purposes to the same extent as the stated interest on the Discount Bonds.

The Code sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to remain excludable from the gross income of the owners of the Bonds for Federal income tax purposes. The School District has covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the Bonds to be includable in the gross income of the owners of the Bonds for Federal income tax purposes, retroactive to the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants and Bond Counsel has not undertaken to determine (or inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Bond Counsel is of the opinion that, under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Pennsylvania Treatment of Original Issue Discount

The personal income tax regulations promulgated by the Pennsylvania Department of Revenue (Pennsylvania Bulletin, Vol. 26, No. 9, March 2, 1996) provide (i) any excess of a publicly offered obligation's stated redemption price at maturity over the first price at which a substantial amount of the obligations included in the issue is sold to the public will be treated as interest; (ii) unstated or imputed interest shall be computed for Pennsylvania personal income tax purposes in the same manner as it is computed for Federal income tax purposes; and (iii) the basis of a Pennsylvania state or local obligation shall be adjusted upward by the amount of unstated or imputed interest that would have been includible in the income of the holder but for the statutory exemption and shall be adjusted downward, but not below zero, by the amount of payments under the obligation, other than payments of stated interest. Prospective purchasers of the Bonds should consult their tax advisors regarding the Pennsylvania tax treatment of original issue discount.

Proposed Tax Legislation; Miscellaneous

On September 12, 2011, President Obama sent to Congress draft legislation entitled the "American Jobs Act of 2011" (the "Act"). If enacted as proposed, the Act includes a provision that would limit the amount of exclusions (including tax-exempt interest) and deductions certain high income taxpayers could use to reduce their income tax for taxable years after 2012. It is not possible to predict whether this proposal will be enacted into law. Tax legislation (either proposed or future), administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest and could affect the market price or marketability of the Bonds. Prospective investors should consult with their tax advisors on the foregoing matters as they consider an investment in the Bonds.

LITIGATION STATEMENT

There is no litigation of any nature pending against the School District as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or the security therefor, or any proceedings of the School District taken with respect to the issuance or sale thereof. At the time of delivery of the Bonds, the School District will furnish a certificate to the effect that no such litigation is then pending.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon, or the future performance of the parties to the transaction. Nor does rendering a legal opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

MISCELLANEOUS

Underwriting

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased at a price of \$4,690,239.20 which equals the principal amount of the Bonds increased by a premium above par of \$4,570,000 and an increase by a net original issue premium of \$149,944.20 and an underwriting discount of \$29,705. The Bond Purchase Agreement for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, in accordance with the terms of the Bond Purchase Agreement, and requires that the School District certify to the Underwriter that this Official Statement does not, to the knowledge of the School District, contain any untrue statement of a material fact or omit any statement of any material fact necessary to make the statements herein, in light of

the circumstances under which they were made, not misleading. The initial public offering prices of the Bonds, set forth in the MATURITY SCHEDULE shown on the inside of the cover and following pages of this Official Statement, may be changed by the Underwriter from time to time without any requirement of prior notice. The Underwriter reserves the rights to join with other dealers in offering the Bonds to the public; and said Bonds offered to other dealers may be at prices lower than those offered to the public.

Rating

Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned the rating of "AA" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Other

All references to the provisions of the Act, other legislation, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to set forth complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services and other sources which are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not as representations of fact.

The School District has authorized the distribution of this Official Statement.

GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania

By: */S/* **Rosemary Fiumara**

President, Board of School Directors

APPENDIX A

**GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania**

**Descriptive, Financial, Demographic and
Economic Information**

DESCRIPTION OF THE SCHOOL DISTRICT

The School District encompasses several communities in southwestern Delaware County and covers an area of approximately 21.4 square miles. The School District's boundaries are coterminous with those of the Borough of Chester Heights and the Townships of Bethel and Concord, all located in Delaware County, Pennsylvania. The School District is bounded by the Townships of Aston, Birmingham, Middletown, Thornbury, and Upper Chichester on the north, east and west, all located in Delaware County, Pennsylvania and by the State of Delaware on the south. The central point of the School District lies approximately 8 miles west of the City of Chester, Delaware County, Pennsylvania, 10 miles north of Wilmington, Delaware, 20 miles southeast of the City of Coatesville, Chester County, Pennsylvania and 25 miles southwest of downtown Philadelphia.

Geographically located in the agriculturally rich piedmont lowland, the area is ideal for mushroom growing and truck farming. The School District is, however, principally residential in character with the residents who are not employed locally commuting to places of employment throughout the Philadelphia Metropolitan Area and to the City of Wilmington. The School District is properly zoned to protect the investment of property owners and to channel future development into desired directions.

School District Employees

There are presently 812 employees of the School District, including 399 teachers and 48 administrators, and 366 support personnel, many of which are part time.

The School District's teachers are members of the Pennsylvania State Education Association ("PSEA") and the Garnet Valley Education Association ("GVEA"). The GVEA is the exclusive bargaining unit. The GVEA contract expired June 30, 2011. The School District's support personnel, exclusive of certain administrative and part-time employees, are represented by the Garnet Valley Educational Support Personnel Association (the "GVESPA"). The GVESPA contract expired June 30, 2011. See "LABOR RELATIONS", infra.

Source: School District Officials.

Area Demographics

	Population				% Change
<u>School District</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2000-2010</u>
Bethel Township	2,438	3,330	6,421	8,797	37.00%
Chester Heights Borough	1,302	2,273	2,481	2,531	2.02%
Concord Township	6,437	6,933	9,933	17,231	73.47%
Total Population	10,177	12,536	18,835	28,559	51.63%
County of Delaware	555,003	547,651	550,864	558,979	1.47%
Pennsylvania	11,824,220	11,764,436	12,281,054	12,702,379	3.43%

Source: U.S. Bureau of Census.

Income

Municipality	2010 Per Capita Income	2010 Household Median	2010 Family Median
Bethel Township.....	\$40,524	\$109,453	\$119,072
Chester Heights Borough	40,897	72,829	102,679
Concord Township.....	42,358	86,680	121,389
County of Delaware	30,232	59,125	74,333
Pennsylvania	26,374	49,288	61,890

Source: U.S. Bureau of Census, Census 2010.

Age Distribution

	Median Age	Percent Under 19	Percent 20-64	Percent 65 and Over
Bethel Township.....	39.2	33.4	56.2	10.4%
Chester Heights Borough	43.5	22.4	61.8	15.8%
Concord Township.....	43.4	24.4	54.8	20.8%
County of Delaware	38.7	26.8	58.9	14.3%
Pennsylvania	39.6	24.9	59.7	15.4%

Source: U.S. Bureau of Census, Census 2010.

Land Use Characteristics

	Residential	Lots	Industrial	Commercial	Agriculture	Land	Mineral
Bethel Township.....	88.62%	7.59%	1.27%	2.51%	0.0%	0.0%	0.0%
Chester Heights Borough	77.75%	2.76%	0.27%	19.22%	0.0%	0.0%	0.0%
Concord Township.....	72.80%	2.91%	0.79%	23.50%	0.0%	0.0%	0.0%
County of Delaware	75.1%	0.8%	3.2%	19.8%	0.6%	0.5%	0.0%
Pennsylvania	65.0%	2.2%	5.2%	21.4%	4.8%	1.0%	0.4%

Source: Pennsylvania State Tax Equalization Board.

Housing Units

Municipality	1990 Housing Units	2000 Housing Units	2010 Housing Units	% Change 2000-2010
Bethel Township	1,148	3,017	3,101	2.78%
Chester Heights Borough	1,016	1,117	1,263	13.07%
Concord Township	2,297	3,384	6,711	98.32%
Total Housing Units	4,461	7,518	11,075	47.31%
County of Delaware	201,374	216,978	220,716	1.72%
Pennsylvania	4,938,140	5,249,750	5,567,315	6.05%

Source: U.S. Bureau of Census,.

Median Value of Owner Occupied Housing

Municipality	1990	2000	2010	% Change 2000-2010
Bethel Township	167,100	217,200	395,600	82.14%
Chester Heights Borough	122,200	133,900	249,200	86.11%
Concord Township	221,000	242,500	428,200	76.58%
County of Delaware	133,200	128,800	224,400	74.22%
Pennsylvania	69,700	97,000	165,500	70.62%

Source: U.S. Bureau of Census,.

2010-11 Assessed Valuation and 2011-12 Realty Tax Rates

Borough/Township	Assessed Valuation	Municipal	School	County
Bethel Township	\$ 702,974,000	1.865	28.388	5.180
Chester Heights Borough	203,096,842	0.220	28.026	5.180
Concord Township	1,544,909,828	0.944	28.026	5.180
Total	\$ 2,450,980,670			

Source: State Tax Equalization Board, Concord Township, Bethel Township, Chester Heights Borough and the School District.

Real Estate Taxes in Mills

<u>Year Ended June 30</u>	<u>Concord Township</u>	<u>Bethel Township</u>	<u>Chester Heights Borough</u>	<u>School District</u>	<u>Delaware County</u>
2000	0.800	0.400	0.220	19.500	3.550
2001	0.800	0.400	0.220	19.500	3.800
2002	0.800	0.400	0.220	19.500	3.800
2003	0.890	0.600	0.220	22.273	4.100
2004	0.890	0.600	0.220	22.624	4.450
2005	0.890	0.600	0.220	23.167	4.450
2006	0.890	0.600	0.220	23.527	4.450
2007	0.890	0.650	0.220	24.445	4.450
2008	0.925	0.850	0.220	26.079	4.820
2009	0.925	0.850	0.220	26.698	4.820
2010	0.944	0.850	0.220	24.470	5.180
2011	0.944	0.850	0.220	27.470	5.180
2012	0.944	1.865	0.220	28.026	5.180

Source: Delaware County Treasurer's Office, Concord Township, Bethel Township, Chester Heights Borough and the School District.

Real Estate Tax Collection Data

<u>School Year</u>	<u>Amount of Levy</u>	<u>Current Collections</u>	<u>Percent of Levy</u>	<u>Prior Years Collections</u>	<u>Total Collections</u>	<u>Percent of Levy</u>
2000-01	29,504,864	28,507,115	96.62%	417,120	28,924,235	98.03%
2001-02	30,557,630	29,394,518	96.19%	1,154,359	30,548,877	99.97%
2002-03	35,015,826	32,839,554	93.78%	1,404,360	34,243,914	97.80%
2003-04	39,052,084	37,438,745	95.87%	1,174,037	38,612,782	98.88%
2004-05	43,114,947	41,442,087	96.12%	1,151,749	42,593,836	98.79%
2005-06	45,173,808	44,609,132	98.75%	760,280	45,369,412	100.43%
2006-07	50,443,794	49,674,794	98.48%	1,031,072	50,705,866	100.52%
2007-08	53,623,470	53,406,543	99.60%	1,129,076	54,535,619	101.70%
2008-09	57,628,341	55,735,762	96.72%	1,378,663	57,114,425	99.11%
2009-10	60,418,664	59,891,465	99.13%	1,657,534	61,548,999	101.87%
2010-11	63,471,455	60,707,341	95.65%	1,513,647	62,220,988	98.03%
2011-12	63,962,105			In Collection		

Source: School District Financial Reports.

2011-12 Non-Realty Tax Rates

Borough/Township	Real Estate Transfer	
	Municipal	School
Bethel Township.....	0.5%	0.5%
Chester Heights Borough.....	0.5%	0.5%
Concord Township.....	0.5%	0.5%

Source: School District Officials.

Trend in Assessed Valuation

The trend in assessed valuation of real estate in the School District for the previous ten fiscal years is shown below:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Market Value</u>	<u>Common Level Ratio</u>
2002-03	1,631,643,110	1,524,272,300	107.04%
2003-04	1,727,770,309	1,619,989,500	106.65%
2004-05	1,824,083,667	1,832,339,400	99.55%
2005-06	1,928,313,261	1,953,306,000	98.72%
2006-07	2,033,363,706	2,252,426,400	90.27%
2007-08	2,122,068,413	2,345,871,900	90.46%
2008-09	2,267,930,482	2,722,738,400	83.30%
2009-10	2,335,869,846	2,813,285,600	83.03%
2010-11	2,370,259,971	3,023,655,887	78.39%
2011-12	2,450,980,670	3,126,649,662	78.39% ⁽¹⁾

Source: 2010, State Tax Equalization Board.

⁽¹⁾ Based on State Tax Equalization Board, 2010

Taxpayers

The ten largest real estate taxpayers within the School District and their 2010-11 real property assessed valuation are shown below:

Ten Largest Real Estate Taxpayers

Taxpayer	Description	Assessed Valuation
1 Redwood ERC Concord LLC	Assisted Living/Retirement Community	\$ 138,304,470 *
2 State Farm Corporate Department	Insurance	31,566,100 *
3 Summit Valley Brooke LLC	Apartments	24,645,000
4 Windsor at Brandywine Valley LLC	Condominiums	23,754,000 *
5 JS MVP Realty LP	Credit Card Servicing	23,561,400
6 Concord Retail Partners LP	Retail Shopping/Office Building	23,330,110
7 SV Business Park Holdings LLP	Office Space	22,154,590
8 CPBP - VII Associates LP	Retail Shopping/Office Building	15,539,590
9 Southco Inc.	Manufacturing	9,903,250
10 Glen Eagle Retail LTD Partnership	Shopping Center/Retail	8,770,650
Total		<u>\$ 321,529,160</u>

Percentage of Total Taxable Assessed Valuation of the School District. 13.12%

Source: School District.

* Currently under appeal

Area Commerce

The ten largest employers in the School District are shown below:

Name	Business	Approximate Number of Employees
1 Garnet Valley School District	Education	924
2 State Farm Mutual Automobile	Insurance	791
3 Delaware County Prison	Prison	536
4 Maris Grove Inc.	Assisted Living/Retirement Community	335
5 Southco Inc.	Engineered Access Hardware	277
6 State Farm Fire & Casualty Co.	Insurance	272
7 Target Corp.	Retail	230
8 Applied Card Systems of PA	Credit Card Servicing	220
9 Eldercare Resources Corp.	Senior Health Care	145
10 Deloitte Touche Tohmatsu	Consulting	144
Total:		<u>3,874</u>

Source: Concord Township Officials.

Major Regional Employers

Listed below are the major employers located near or in the School District and the estimated number of employees as of 2010.

Name	Business	Approximate Number of Employees
Crozer-Keystone Health System	Nonprofit health system	7,250
Boeing Defense & Space Group, Helicopters Division	Manufacturing and sales of rotocraft	4,500
Delaware County	County Government	3,000
United Parcel Service of America, Inc.	Privately held package Dist. Co.	2,700
Pennsylvania State Government	State Government	2,744
WaWa Inc.	Convenience Stores	2,600
United States Government	Federal Government	2,211
Villanova University	Private Four Year Baccalaureate	2,400
Riddle Memorial Hospital	Hospital	1,700
Elwyn Inc.	Human Services Organization	1,500
SAP America, Inc.	Computer Software	1,500
Mercy Health Corporation	Healthcare	1,450
Widner University	Private University	1,400
Kimberly-Clark Corporation	Manufacturer of Paper Products	1,000
Harrah's Casino	Gambling	1,000

Source: Delaware County Commerce Center.

Garnet Valley School District Facilities

Building	Original Construction Date	Additional Renovation Date	Grades	Rated Pupil Capacity	2011-12 Enrollment
Elementary School ⁽¹⁾					
The Pennington School	2006	--	K-2	750	750
Garnet Valley Elementary School	1997	2000	3-5	900	840
Bethel Springs Elementary School	2001	--	1-5	700	535
Middle School					
Garnet Valley Middle School	1991	2000	6-8	1250	1191
High School					
Garnet Valley Senior High School	1963	2005	9-12	<u>1600</u> 5,200	<u>1492</u> 4,808

(1) The School District also owns the Francis Harvey Green Elementary School and the original Concord Elementary School which it leases to the Delaware County Intermediate Unit.

Source: School District Officials.

Pupil Enrollment

The past, present and projected enrollments within the School District are shown below:

School Year	<u>Elementary</u>	<u>Middle</u>	<u>High School</u>	<u>Total</u>
2000-01	1,764	830	959	3,553
2001-02	1,800	895	997	3,692
2002-03	1,872	922	1,030	3,824
2003-04	1,959	1,027	1,168	4,154
2004-05	1,967	1,035	1,206	4,208
2005-06	2,041	1,095	1,259	4,395
2006-07	2,128	1,119	1,369	4,616
2007-08	2,146	1,108	1,467	4,721
2008-09	2,111	1,095	1,450	4,656
2009-10	2,157	1,093	1,498	4,748
2010-11	2,168	1,161	1,503	4,832
2011-12 (Current)	2,125	1,191	1,492	4,808
2012-13 (Projected)	1,944	1,240	1,513	4,697
2013-14 (Projected)	1,855	1,241	1,548	4,644
2014-15 (Projected)	1,666	1,255	1,614	4,535
2015-16 (Projected)	1,541	1,206	1,646	4,393

Source: Projected enrollments are provided by the Pennsylvania Department of Education, actual enrollments are provided by School District Officials.

Financial Reporting

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by the Superintendent and Business Administrator and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

The School District has organized its accounts on the basis of funds or groups of funds, each of which is a separate accounting entity. It maintains a General Fund for instructional, operation and administrative expenses, a Food Services Fund, Capital Fund, Debt Service Fund, and various school activity funds. Federal funds are appropriated by the School District during the fiscal year after grant commitments and project approvals are received. The School District keeps the books and prepares the financial reports for the General Fund according to a modified accrual basis of accounting. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Taxes are credited when received. The School District financial statements are audited annually by a firm of independent certified public accountants, as required by State law.

BUDGETING PROCESS IN SCHOOL DISTRICTS UNDER THE TAXPAYER RELIEF ACT

In General. School districts budget and expend funds according to procedures mandated by the PDE. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least

20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see "TAXING POWERS OF THE SCHOOL DISTRICT – Special Session Act 1 of 2006 (Taxpayer Relief Act" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see discussion of the Taxpayer Relief Act referenced above), the school district must publish notice to its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the school district must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the school district must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the school district of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court in approving the petition shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception and the appropriate duration of the tax increase. If the court denies the school district's petition, such Act permits the school district to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

Comparative summaries of the balance sheet and changes in fund balances for the last five years are presented in the tables which follow. The School District received into its General Fund total revenue of \$79,673,164 for year ended June 30, 2011 as compared with \$78,225,183 in the previous year.

GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania

Summary Financial Statements – General Fund
Comparative Balance Sheet ⁽¹⁾

	Years Ending June 30				
	2007	2008	2009	2010	2011
ASSETS:					
Cash	\$ 1,317,505	\$ 4,113,095	\$ 812,209	\$ 1,407,404	\$ 12,160,649
Investments	8,392,508	8,728,808	10,901,161	11,065,741	-
Taxes Receivable	1,110,692	1,607,165	2,120,037	1,720,353	1,623,779
Interfund Receivable	380,519	11,649	816,487	-	904
Intergovernmental Receivable	1,577,663	1,688,247	1,583,561	2,048,807	1,989,597
Other	<u>180,442</u>	<u>140,609</u>	<u>158,598</u>	<u>83,279</u>	<u>635,978</u>
TOTAL ASSETS	<u>\$12,959,329</u>	<u>\$16,289,573</u>	<u>\$16,392,053</u>	<u>\$16,325,584</u>	<u>\$16,410,907</u>
LIABILITIES:					
Interfund Payables	\$ -	\$ 887,607	\$ -	\$ 30,565	\$ -
Accounts Payable	1,104,597	1,166,663	1,808,871	1,235,346	2,180,727
Accrued Payroll/Salaries and Benefits	3,154,415	3,884,125	4,258,735	4,393,997	5,449,127
Deferred Revenues	929,534	1,321,296	1,653,309	1,287,633	1,226,081
Current Portion of Long-Term Debt	-	439,378	513,194	-	-
Other Current Liabilities	<u>428,078</u>	<u>-</u>	<u>-</u>	<u>552,708</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$5,616,624</u>	<u>\$7,699,069</u>	<u>\$8,234,109</u>	<u>\$7,500,249</u>	<u>\$8,855,935</u>
FUND EQUITIES					
Specified Fund Balance Reserves	\$ 282,368	\$ 440,772	\$ 482,068	\$ 392,221	\$ 484,921
Unreserved Fund Balance - Designated	4,286,609	4,291,439	1,237,493	1,743,134	2,892,436
Unreserved Fund Balance - Undesignated	<u>2,773,728</u>	<u>3,858,293</u>	<u>6,438,383</u>	<u>6,689,980</u>	<u>4,177,615</u>
TOTAL FUND EQUITIES	<u>\$7,342,705</u>	<u>\$8,590,504</u>	<u>\$8,157,944</u>	<u>\$8,825,335</u>	<u>\$7,554,972</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$12,959,329</u>	<u>\$16,289,573</u>	<u>\$16,392,053</u>	<u>\$16,325,584</u>	<u>\$16,410,907</u>

Note:

⁽¹⁾ Totals may not add due to rounding.

Source: School District Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
Delaware County, Pennsylvania

Summary Financial Statements – General Fund
Comparative Statement of Revenues and Expenditures ⁽¹⁾

	Actual					Budgeted
	2007	2008	2009	2010	2011	2012 ⁽²⁾
REVENUES:						
Local Sources	\$57,021,448	\$ 61,928,175	\$ 61,977,975	\$ 65,360,895	\$ 66,266,800	\$ 69,746,828
State Sources	9,066,084	9,459,575	10,525,377	10,549,733	10,580,509	11,291,242
Federal Sources	463,451	607,964	1,579,800	2,314,555	2,825,855	1,017,090
Other Sources	-	-	-	-	-	-
TOTAL REVENUES	<u>\$ 66,550,983</u>	<u>\$ 71,995,714</u>	<u>\$ 74,083,152</u>	<u>\$ 78,225,183</u>	<u>\$ 79,673,164</u>	<u>\$ 82,055,160</u>
EXPENDITURES:						
Instruction	\$ 35,635,628	\$ 39,244,494	\$ 41,201,030	\$ 43,477,375	\$ 46,934,783	\$ 45,837,403
Support Services	18,164,119	18,426,707	20,169,734	19,660,125	20,379,015	22,593,878
Operation of Non-Instruction Services	2,464,828	2,587,665	2,598,318	2,691,602	2,679,196	2,746,814
Debt Service	10,117,197	10,489,049	10,440,130	10,239,674	10,522,663	9,398,649
Fund Transfer	-	-	-	-	-	1,547,858
Budgetary Reserve	-	-	-	-	-	360,000
TOTAL EXPENDITURES	<u>\$ 66,381,772</u>	<u>\$ 70,747,915</u>	<u>\$ 74,409,212</u>	<u>\$ 76,068,776</u>	<u>\$ 80,515,657</u>	<u>\$ 82,484,602</u>
Other Financing Sources (Uses)	\$ -	\$ -	\$ (106,500)	\$ (1,489,016)	\$ (431,719)	\$ -
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	169,211	1,247,799	(432,560)	667,391	(1,274,212)	(429,442)
Beginning General Fund	<u>7,173,494</u>	<u>7,342,705</u>	<u>8,590,504</u>	<u>8,157,944</u>	<u>8,829,184</u>	<u>6,842,400</u>
Ending General Fund	<u>\$ 7,342,705</u>	<u>\$ 8,590,504</u>	<u>\$ 8,157,944</u>	<u>\$ 8,825,335</u>	<u>\$ 7,554,972</u>	<u>\$ 6,412,958</u>

Note:

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Budget, as adopted June 30, 2011.

Source: School District's Annual Audited Financial Statements, Unaudited Financial Statement and Budget.

Outstanding School District Financing

The outstanding debt of the School District as of February 8, 2012 is shown below:

Issue	Original Amount	Final Maturity	Principal Outstanding 11/1/2011	Project Reimbursable Percentage	CARF Aid Ratio	Effective Reimbursement	State Share	Revised Local Share
General Obligation								
Series of 2001 B	\$ 10,796,546	2/15/2018	\$ 2,646,546	0.1869	0.3120	0.0583	\$ 154,328	\$ 2,492,218
Notes of 2002 (DVRFA)	28,080,000	8/25/2027	11,266,000	0.1920	0.3120	0.0599	674,878	10,591,122
SPSBA LRB Series of 2005	19,650,000	2/1/2025	15,790,000	0.2373	0.3120	0.0740	1,169,054	14,620,946
Series of 2005	24,500,000	4/1/2032	21,165,000	0.1693	0.3120	0.0528	1,117,969	20,047,031
Series of 2006	9,000,000	2/15/2025	8,585,000	0.1661	0.3120	0.0518	444,902	8,140,098
Series A of 2006	8,000,000	6/1/2026	6,780,000	0.3878	0.3120	0.1210	820,337	5,959,663
Series of 2007	37,985,000	4/1/2028	36,665,000	0.2049	0.3120	0.0639	2,343,949	34,321,051
Notes of 2008 (DVRFA)	1,250,000	2/25/2012	646,000	-	0.3120	0.0000	-	646,000
Notes of 2009 (DVRFA)	1,250,000	2/25/2012	951,000	-	0.3120	0.0000	-	951,000
Series of 2009	5,695,000	2/15/2015	3,950,000	0.1896	0.3120	0.0592	233,663	3,716,337
Notes of 2010 (DVRFA)	1,250,000	11/25/2014	947,000	-	0.3120	0.0000	-	947,000
Notes of 2011 (DVRFA)	1,250,000	10/25/2015	1,250,000	-	0.3120	0.0000	-	1,250,000
Series of 2012	4,570,000	4/1/2015	4,570,000	0.32	0.3120	0.1008	460,546	4,109,454
Lease Rental								
Delc VoTech Authority ⁽¹⁾	184,140	6/15/2011	\$ 26,481	-	0.3120	0.0000	\$ -	\$ 26,481
Totals	\$ 153,460,686		\$ 115,238,027				\$7,419,626	\$ 107,818,401

(1) Issued by the Delaware County Vocational Technical School Authority.

(2) Based upon School District's percentage of 5.15% of the \$1,055,000,000 principal outstanding of the Delaware County Vocational-Technical School Authority debt.

Coverage of Debt Service Requirements By State Appropriations

2011-12 Estimated Commonwealth Appropriations	\$11,291,242
2011-12 Estimated Debt Service Requirements.....	\$9,398,649
Estimated Coverage Factor	1.201

Overlapping Indebtedness

Residents of the School District are also responsible for the following debt of the municipalities within the School District and as of February 1, 2012:

	<u>Amount Outstanding</u>	<u>Overlapping Debt</u>
Bethel Township	\$ 1,038,825	\$ 1,038,825
Chester Heights Borough	0	0
Concord Township	\$ 12,729,420	\$ 12,729,420
Total Municipal Debt	\$ 13,768,245	\$ 13,768,245
Delaware County	\$ 335,067,968	\$27,361,950 ⁽¹⁾
Total County and Municipal Debt	\$ 348,391,576	\$ 41,130,195

(1) School District's proportionate share (8.1661% based on assessed valuations of real estate) of the outstanding long-term debt of Delaware County.

Source: Municipal Officials.

Borrowing Capacity

The Borrowing capacity of the School District is set forth under the provisions of the Local Government Unit Debt Act of the Commonwealth, (53 Pa. C.S.A. §§ 8001, *et seq.*) (the "Debt Act"), which establishes the debt limits for local government units including school districts and municipalities. Under the Debt Act, the School District may incur debt in an unlimited amount when such debt is approved by a majority of the School District's voters at either a general or a special election. Non-electoral debt, or debt not approved by the School District's electorate, may not exceed 225% of the School District's Borrowing Base; the total of lease rental debt and non-electoral debt may not exceed 225% of the School District's Borrowing Base, as calculated in the next section, "Calculation of Borrowing Base".

Calculation of Borrowing Base

School Year	2008-09	2009-10	2010-11	Total
Total Revenues	\$ 78,470,972	\$ 77,772,139	\$ 80,512,491	\$236,755,602
Less Required Deductions:				-
(a) Rental and Sinking Fund Reimbursement	751,062	750,633	615,748	2,117,443
(b) Revenues for Self-Liquidating Debt	-	-	-	-
(c) Interest Earned on Sinking Funds	-	-	-	-
(d) Grants and Gifts	117,190	202,268	166,594	486,052
(e) Sale of Equipment and Non-Recurring Items	-	-	-	-
Net Revenues	\$ 77,602,720	\$ 76,819,238	\$ 79,730,149	\$234,152,107
Total Net Revenues for Three Years			\$ 234,152,107	
Borrowing Base - Average Net Revenues for Three Year Period			\$ 78,050,702	

Source: School District Officials.

Calculation of Borrowing Capacity

1. Computation of Net Non-Electoral and Lease Rental Debt		
(a) Outstanding Principal	\$	115,238,027
(b) Less: Subsidized Debt		-
(c) Net Non-Electoral and Lease Rental Debt	\$	115,238,027
2. Computation of Borrowing Capacity		
(a) Debt Limitation - 225% of Borrowing Base	\$	175,614,080
(b) Less: Net Non-Electoral and Lease Rental Debt.....		115,238,027
(c) Current Non-Electoral and Lease Rental Borrowing Capacity.....	\$	60,376,053

Financial Factors of the School District

Financial Factors of the School District

Market Valuation of Real Estate (2011)	\$3,126,649,662
Assessed Valuation of Real Estate (2011)	2,450,980,670
Ratio of Assessed Valuation to Market Value	78.39%

Population:

1980 U.S. Census	10,177
1990 U.S. Census	12,536
2000 U.S. Census	18,835
2010 U.S. Census	28,559

Direct Debt

Net General Obligation	\$115,238,027
Lease Rental	26,481
Total Direct Debt	<u>\$115,264,508</u>

Overlapping Debt

Municipal - General Obligation	\$13,768,245
County - General Obligation	27,361,950
Total Overlapping Debt	<u>\$41,130,195</u>
Total Obligations and Overlapping Debt (Total Debt)	<u><u>\$156,394,703</u></u>

Ratio of Total Debt to:

Market Valuation of Real Estate	5.00%
Assessed Valuation of Real Estate	6.38%
Population	5,476

Ratio to Population of:

Market Valuation of Real Estate	\$109,480
Assessed Valuation of Real Estate	\$85,822

Source: State Tax Equalization Board and U.S. Census 2010.

APPENDIX B

DEBT SERVICE SCHEDULE

GARNET VALLEY SCHOOL DISTRICT
 Delaware County, Pennsylvania
 General Obligation Bonds, Series of 2012

Debt Service Schedule

Dated: February 8, 2011
Due: April 1

Interest Payable:
Commencing:

April 1, & October 1
 October 1, 2012

Date	Principal	Coupon	Interest	Total P+I	Annual Payment
03/01/2012	-	-	-	-	-
10/01/2012	-	-	51,916.67	51,916.67	-
04/01/2013	1,270,000.00	0.500%	44,500.00	1,314,500.00	1,366,416.67
10/01/2013	-	-	41,325.00	41,325.00	-
04/01/2014	1,635,000.00	2.000%	41,325.00	1,676,325.00	1,717,650.00
10/01/2014	-	-	24,975.00	24,975.00	-
04/01/2015	1,665,000.00	3.000%	24,975.00	1,689,975.00	1,714,950.00
Total	\$4,570,000.00	-	\$229,016.67	\$4,799,016.67	-

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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Closing Document No. 10

March 1, 2012

Garnet Valley School District
80 Station Road
Glen Mills, PA 19342-1558

Re: Garnet Valley School District
\$4,570,000 General Obligation Bonds, Series of 2012

Ladies and Gentlemen:

You have requested our opinion as to the legality of the above general obligation bonds (the "Bonds"). The Bonds are issued by the Garnet Valley School District, Delaware County, Pennsylvania (the "School District"), under the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), and pursuant to a Resolution adopted by the Board of Directors of the School District on January 24, 2012 (the "Resolution"). The Bonds are being issued for the purpose of providing funds to refund outstanding debt of the School District and to pay the costs of issuing the Bonds.

The School District has covenanted in the Resolution (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year, (ii) to appropriate such amounts from its general revenues for the payment of such debt service, and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal or redemption price of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof; for such budgeting, appropriation and payment the School District in the Resolution has pledged its full faith, credit and taxing power.

The School District, in the Resolution, has designated the Bonds as qualified tax exempt obligations pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code") and has made certain representations and covenants in the Resolution necessary to cause the Bonds to continue to be obligations described in such Section of the Code.

As Bond Counsel for the School District, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania, the Acts of Assembly pursuant to which the Bonds are authorized, issued and sold; the transcript of proceedings filed with the Pennsylvania Department of Community and Economic Development (the "Department"); and certain statements, affidavits and other documents which we have considered pertinent.

In rendering this opinion we have examined and relied upon the opinion of Raffaele & Puppio, LLP, Counsel to the School District, and the accuracy of the statements and representations and the performance of the covenants of the School District set forth in the Resolution and the School District's Tax Certificate delivered on this date in connection with the issuance of the Bonds.

Based on the foregoing, we are of the opinion that:

1. The School District is authorized under the provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes above set forth, and the School District has authorized the issuance thereof.

2. As indicated in the School District's debt statement filed with the Department in connection with the issuance of the Bonds, outstanding debt of the School District, including debt represented by the Bonds, is within the debt limitations of the Act.

3. The Bonds are the valid and binding general obligations of the School District payable from the revenues of the School District from whatever source derived, which revenues, at the time of the issuance and sale of the Bonds, include *ad valorem* taxes levied upon all the taxable property within the School District, without limitation as to rate or amount.

4. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the reported income or earnings and profits of the corporate holder. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

6. Banks, thrift institutions and other financial institutions which purchase the Bonds may take into account, as a deductible expense in calculating their federal income tax liability, 80 percent of their interest expense allocable to ownership of the Bonds.

Ownership of the Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits. We express no opinion as to such collateral federal income tax consequences.

In providing this opinion, we advise you that it may be determined in the future that interest on the Bonds, retroactive to the date of issuance thereof or prospectively, will not be excluded from the gross income of the owners of the Bonds for federal income tax purposes if certain requirements of the Code are not met. The School District has covenanted in the Resolution to comply with such requirements.

Very truly yours,

LAMB McERLANE PC

By: _____

Thomas J. O'Neill