
OFFICIAL STATEMENT

BOOK-ENTRY ONLY

RATING: Moody's "Aa2"
See "Rating" herein

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, in the case of certain corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants in the Resolution and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax.

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Exemption and Certain Other Tax Matters" herein.



\$14,355,000
SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania
General Obligation Bonds, Series A of 2012

Dated: Date of Issuance
Interest Due: February 1 and August 1

Due: February 1, as shown on inside cover page
First Interest Payment: August 1, 2013

The Spring-Ford Area School District General Obligation Bonds, Series A 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 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 February 1 and August 1 of each year that the Bonds are outstanding, commencing on August 1, 2013. 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 dealer who is, or acts through, a DTC Participant, to receive payment of the principal of and interest on such Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are general obligations of the Spring-Ford Area School District, Montgomery and Chester Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will to the fullest extent permitted by law, provide in its budget in each school year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the 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, which taxing power presently includes the power to levy ad valorem taxes on all taxable real property within the School District subject to the limits set forth in Special Session Act 1 of 2006 (see "Special Session Act 1 of 2006 (Taxpayer Relief Act)" and "Security" herein.

The net proceeds from the sale of the Bonds, together with a cash contribution from the School District, will be used to: (1) finance the current refunding of the School District's outstanding General Obligation Bonds, Series of 2006; and (2) pay the costs and expenses related to the issuance of the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

**Maturities, Amounts, Interest Rates and Prices
Are Displayed Inside the Front Cover**

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Fox Rothschild LLP, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Fox Rothschild LLP, School District Solicitor. It is expected that the Bonds will be available for delivery through DTC, on or about November 27, 2012.

Boenning & Scattergood, Inc.

The date of this Official Statement is October 22, 2012.

\$14,355,000
SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania
General Obligation Bonds, Series A of 2012

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND PRICES**

Maturity	Amount	Coupon	Yield	Price	CUSIP**
02/01/2014	2,250,000.00	3.000%	0.580%	102.835%	849534 QV7
02/01/2015	955,000.00	1.000%	0.680%	100.690%	849534 QW5
02/01/2015	2,570,000.00	2.000%	0.680%	102.848%	849534 QX3
02/01/2016	850,000.00	2.000%	0.780%	103.821%	849534 QY1
02/01/2016	2,735,000.00	3.000%	0.780%	106.953%	849534 QZ8
02/01/2017	300,000.00	2.000%	0.930%	104.373%	849534 RA2
02/01/2017	3,385,000.00	3.000%	0.930%	108.462%	849534 RB0
02/01/2018	1,310,000.00	3.000%	1.100%	109.536%	849534 RC8

**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.

SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Thomas J. DiBello	President
Joseph P. Ciresi	Vice President
Timothy C. Anspach	Treasurer*
Diane Fern	Secretary*
Willard D. Cromley	Member
Mark P. Dehnert	Member
Edward T. Dressler.....	Member
Clara M. Gudolonis	Member
Dawn R. Heine	Member
Julie A. Mullin	Member
Bernard F. Pettit	Member

* Non-member

SUPERINTENDENT

David R. Goodin, Ed.D.

BUSINESS MANAGER

Timothy C. Anspach

SCHOOL DISTRICT SOLICITOR

FOX ROTHSCHILD LLP
Blue Bell, Pennsylvania

BOND COUNSEL TO THE SCHOOL DISTRICT

FOX ROTHSCHILD LLP
Blue Bell, Pennsylvania

PAYING AGENT

U.S. BANK NATIONAL ASSOCIATION
Philadelphia, Pennsylvania

UNDERWRITER

BOENNING & SCATTERGOOD, INC.
West Conshohocken, Pennsylvania

SCHOOL DISTRICT ADDRESS

857 South Lewis Road
Royersford, PA 19468-2711

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 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 and any such statements inherently are 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. Additional information relating to the principal assumptions used in preparing the projections is set forth herein.

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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.

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OFFICIAL STATEMENT
\$14,355,000
SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania
General Obligation Bonds, Series A of 2012

INTRODUCTION

This Official Statement, including all preceding pages and appendices attached hereto, is furnished by the Spring-Ford Area School District, Montgomery and Chester Counties, Pennsylvania (the "School District") in connection with the offering of \$14,355,000 aggregate principal amount of the School District's General Obligation Bonds, Series A of 2012, dated the date of issuance (the "Bonds" or "General Obligation Bonds"). U.S. Bank National Association, Philadelphia, Pennsylvania will act as paying agent, registrar and sinking fund depository for the Bonds (collectively referred to as the "Paying Agent").

The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District, adopted October 22, 2012 (the "Resolution") and in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. § 8001 et seq., as amended (the "Act").

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 earliest date as of which certain information contained herein is given.

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 the Underwriter.

THE SCHOOL DISTRICT

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 to (i) finance the current refunding of the School District's outstanding General Obligation Bonds, Series of 2006 (the "Refunding Program") and (ii) pay the costs and expenses of issuing the Bonds.

THE REFUNDING PROGRAM

The Refunding Program consists of the application of a portion of the net proceeds of the Bonds, together with a cash contribution from the School district, to currently refund the School District's outstanding General Obligation Bonds, Series of 2006 (the "2006 Bonds"). The 2006 Bonds are currently outstanding in the aggregate principal amount of \$18,130,000. At the time of issuance of the Bonds, the outstanding 2006 Bonds will be refunded in whole at 100% of the principal amount thereof plus accrued interest to that date.

On the date of issuance of the Bonds, the School District will deposit a portion of the proceeds of the Bonds with US Bank National Association, as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement to be dated the date of issuance of the Bonds by and between the School District and the Escrow Agent. In accordance with the provisions of the Escrow Agreement, the Escrow Agent shall purchase certain direct obligations of the United States, which will be sufficient to pay all of the outstanding principal and interest due on the 2006 Bonds on February 1, 2013 .

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

Sources Of Funds	
Par Amount of Bonds	\$14,355,000.00
Reoffering Premium	790,692.95
Planned Issuer Equity contribution	3,477,903.75
Total Sources	\$18,623,596.70
Uses Of Funds	
Costs of Issuance ⁽¹⁾	134,563.75
Deposit to Current Refunding Fund	18,484,561.34
Miscellaneous	4,471.61
Total Uses	\$18,623,596.70

(1) Includes legal fees, underwriting discount, printing, rating, paying agent, CUSIP and miscellaneous costs (estimated).

THE BONDS

Description

The Bonds will be dated the date of issuance, and will be issued in denominations of \$5,000 or any whole multiple thereof. Interest on such Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2013, at the rates set forth on the cover page of this Official Statement.

The Bonds will be originally issued solely in book-entry form registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"). So long as the Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Resolution, the Bonds and this Official Statement. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the "Securities Depository." See "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 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 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 and interest on the Bonds shall be made as described in the following paragraphs.

Principal of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the principal corporate trust office of the Paying Agent.

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 August 1, 2013, in which event such Bond shall bear interest from the date of delivery or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on August 1, 2013, and thereafter, semiannually on February 1 and August 1 of each year, until the principal sum is paid. Interest on each Bond is 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 (15th) calendar day (whether or not a day on which the Paying Agent is open for business) next 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 such Bonds not less than fifteen (15) 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 of the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized 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 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.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM" herein, Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its principal corporate trust office, 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 series, 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.

Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

State Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975 P.L. 511 (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption, or any interest due on such indebtedness on any interest payment date, in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public 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.

Security

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 year to the fullest extent permitted under law, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, 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 on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable property within the School District, which power may be subject to the limitations set forth in Act 1 (see "School District Finances" and "Special Session Act 1 of 2006 (Taxpayer Relief Act)" herein. The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Pennsylvania Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "State Enforcement of Debt Service Payments" herein).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series A of 2012" (the "Sinking Fund"), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or 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 Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

REDEMPTION OF BONDS

Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption

The Bonds are not subject to mandatory redemption prior to maturity.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail, postage prepaid, mailed not more than forty-five (45) days nor less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mail, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for the redemption of other Bonds called for redemption as to which proper notice has been given.

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 to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption. Any notice of redemption of Bonds may state that the redemption is conditioned upon the deposit of sufficient funds prior to the redemption date. If sufficient funds are not received, such notice of redemption shall be of no effect.

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.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of the 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 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.

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, respectively, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer 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 if the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer 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 Issuer 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 Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

Disclaimer of Liability for Failures of DTC

The School District and the Underwriters cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The School District and the Underwriters are not

responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

So long as Cede & Co. is the registered owner of the bonds, as nominee of DTC, references herein to the bondholders or registered owners of the bonds (other than under the caption "Federal Tax Exemption") shall mean Cede & Co. and shall not mean the beneficial owners of the bonds. Payments made by the paying agent to DTC or its nominee shall satisfy the School District's obligations with respect to the bonds to the extent of such payments.

Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District and the Paying Agent. In addition, the School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). Under either of such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered, and the following provisions of the Paying Agent Agreement will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the designated corporate trust office of the Paying Agent located in Philadelphia, Pennsylvania; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the Paying Agent of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "THE BONDS."

THE SCHOOL DISTRICT

Introduction

Spring-Ford Area School District, Montgomery and Chester Counties, Pennsylvania (the "School District") is located midway between Norristown, Pennsylvania, the county seat of Montgomery County and Pottstown, Pennsylvania, in the western central portion of Montgomery County and in the eastern central section of Chester County. The School District is comprised of the Townships of Limerick and Upper Providence and the Boroughs of Royersford and Spring City (collectively, the "Component Municipalities"); Spring City Borough lies in eastern Chester County, while the other three Component Municipalities are situated in western Montgomery County. The School District is a school district of the second class. School districts within the Commonwealth of Pennsylvania are classified as first, second, third and fourth class according to population and operate under and pursuant to the School Code.

The growing community of approximately 47,368 lies just off the Route 422 bypass, and offers the best of both a small-town atmosphere and proximity to metropolitan attractions. The district is characterized by small-towns, suburban neighborhoods and rural areas. The location offers easy access to the cultural appeal of the big city, as well as the warmth and nurturing of rural America. The School District is approximately twenty miles northwest of the City of Philadelphia, Pennsylvania, twenty-five miles south of Reading, Pennsylvania, and five miles north of Valley Forge, Pennsylvania. The School District has a combined land area of 44.40 square miles, and the 2010 U.S. Census population estimate is 47,368, compared to the 2009 U.S. Census population of the School District is 44,949; this represents an increase of 2,419 or 5.38%.

Administration

The School District is governed by a board of nine School Directors who are residents of the School district and who are elected every two years, on a staggered basis, for four-year terms. The daily operations and management of the School district are performed by the administrative staff of the School

District headed by the Superintendent appointed by the Board of School Directors. The Business Manager is responsible for budget and financial operation and is also appointed by the Board of School Directors.

School Facilities

The School District currently operates twelve school building facilities not including an administrative building or the students currently enrolled in the Western Center for Technical Studies. These facilities are comprised of seven elementary schools which house grades K-4, one intermediate/middle school for grades 5, 6 and 7, one middle school for grade 8, one 9th grade center, and one senior high school which houses grades 10-12. (See "SCHOOL BUILDING FACILITIES" herein.)

A complete description of the economic and demographic characteristics of the School District can be found in Appendix A of this Official Statement. Presented herein is a detailed description of the operating data pertaining to the School District.

**TABLE 1
SPRING-FORD AREA SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date	Grades	Rated Pupil Capacity	2011-12 Enrollment
Elementary:					
Brooke	1989	---	K-4	575	412
Evans	2007	---	K-4	700	622
Limerick	1950	1966/01	K-4	525	359
Oaks	1965	1969/97/01	K-4	600	541
Royersford	1957	1992	K-4	525	428
Spring City	1959	1995	K-4	250	153
Upper Providence	2003	2004	K-4	725	536
Upper Providence Intermediate	2005	---	5-7	2,294	1,851
Secondary:					
Spring-Ford 8 th Grade Center	1930	1966/97	8	899	583
Spring-Ford 9 th Grade Center	1958	1965/87/04	9	926	603
Spring-Ford High School	1999	1999/2010	10-12	<u>2,584</u>	<u>1,730</u>
Total				10,603	7,818

Source: Pennsylvania Department of Education.

Enrollment Trends

The following table presents recent trends in school enrollment for the past ten years and projections of enrollment for the next five years. The table shows a trend of increasing enrollments.

Table 2
SPRING-FORD AREA SCHOOL DISTRICT
ENROLLMENT TRENDS

<u>Actual</u>				<u>Projected</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2003-04	3,728	2,704	6,432	2012-13	4,265	3,547	7,812
2004-05	3,936	2,862	6,798	2013-14	4,247	3,549	7,796
2005-06	4,093	2,955	7,048	2014-15	4,178	3,608	7,786
2006-07	4,131	3,148	7,279	2015-16	4,055	3,658	7,713
2007-08	4,133	3,253	7,386	2016-17	3,934	3,727	7,661
2008-09	4,210	3,367	7,577	2017-18	3,814	3,781	7,595
2009-10	4,271	3,421	7,692	2018-19	3,685	3,762	7,447
2010-11	4,275	3,455	7,730	2019-20	3,628	3,724	7,352
2011-12	4,300	3,518	7,818	2020-21	3,551	3,662	7,213

Source: School District Officials and the Pennsylvania Department of Education.

SCHOOL DISTRICT FINANCES

Introduction

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

Financing Reporting

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, operational and administrative expenses, a Food Services Fund, and various school activity funds. Federal funds are appropriated by the School Board 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 payrolls, 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 Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department 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 Pennsylvania Department of Education (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 "The 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 "The Taxpayer Relief Act" herein), 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

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past 3 years. In order to guarantee a proper maintenance of the School District fund balance, the School District's financial plan calls for tax increases appropriately to insure a balance of budget. See "Special Session Act 1 of 2006 (Taxpayer Relief Act)" herein for a discussion of possible limitations on such tax increases.

TABLE 3
SPRING-FORD AREA SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	For the Year Ending June 30				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
ASSETS					
Cash & Cash Equivalents	\$ 2,394,284	\$ 3,109,494	\$ 5,848,474	\$ 8,078,542	\$ 13,453,617
Investments	18,257,546	16,042,763	13,997,825	12,452,639	15,817,204
Taxes Receivable	1,548,765	1,766,607	1,861,073	2,166,251	2,241,627
Interfund Receivable	14,060	333,454	9,220	72,052	306,786
Intergovernmental Receivable	1,013,543	1,052,559	1,015,525	1,410,777	1,731,854
Other Receiveables	25,817	48,735	580,676	40,189	261,765
Prepaid Items	445,519	1,053,939	1,181,113	1,762,150	1,373,357
Other Current Assets	-	-	-	-	-
Total Assets	<u>\$ 23,699,534</u>	<u>\$ 23,407,551</u>	<u>\$ 24,493,906</u>	<u>\$ 25,982,600</u>	<u>\$ 35,186,210</u>
LIABILITIES					
Accounts Payable	1,234,150	1,394,563	767,455	4,659,158	6,167,526
Accrued Salaries and Benefits	5,337,603	6,614,605	6,700,037	7,840,499	7,269,068
Interfund Payables	-	-	500,023	-	500,000
Intergovernmental Payables	208,923	198,170	546,870	387,543	252,465
Current Portion of Long-Term Debt	112,713	109,344	110,922	162,804	84,661
Deferred Revenues	2,480,672	2,298,818	2,368,218	2,602,360	2,592,595
Other Current Liabilities	73,555	23,893	17,093	6,008	2,983
Judgement Payable	-	-	-	-	-
Accum. Comp Absences	-	-	-	-	-
Total Liabilities	<u>\$ 9,447,616</u>	<u>\$ 10,639,393</u>	<u>\$ 11,010,618</u>	<u>\$ 15,658,372</u>	<u>\$ 16,869,298</u>
FUND BALANCES					
Standard Fund Balance	3,855,650	5,464,070	4,591,244	5,360,547	5,253,178
Unreserved/Designated	3,073,662	2,119,321	2,878,494	3,276,299	8,815,738
Unreserved/Undesignated	7,322,606	5,184,767	6,013,550	1,687,382	4,247,996
Total Fund Equities	<u>\$ 14,251,918</u>	<u>\$ 12,768,158</u>	<u>\$ 13,483,288</u>	<u>\$ 10,324,228</u>	<u>\$ 18,316,912</u>
Total Liabilities & Fund Equities	<u>\$ 23,699,534</u>	<u>\$ 23,407,551</u>	<u>\$ 24,493,906</u>	<u>\$ 25,982,600</u>	<u>\$ 35,186,210</u>

Source: School District Annual Financial Reports

Revenue

The School District received approximately \$118,341,090 (unaudited) in revenue in 2011-12 and has budgeted revenues of \$122,851,434 in 2012-13. Over the years 2000-10 the largest percentage of revenues has been generated at the local level. The School District's 2011-12 school year includes support from the following sources of approximately 81.10% for local revenue, 17.95% for State revenue and 0.95% for Federal revenue.

**TABLE 4
 SPRING-FORD AREA SCHOOL DISTRICT
 SUMMARY OF SCHOOL DISTRICT GENERAL FUND
 REVENUES AND EXPENDITURES
 (Years ending June 30) ⁽¹⁾**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Unaudited 2012</u>
REVENUES					
Local Sources	\$ 88,316,305	\$ 90,159,452	\$ 92,174,272	\$ 98,045,858	\$ 95,971,761
State Sources	18,145,620	21,355,719	20,853,233	20,098,505	21,243,441
Federal Sources	1,103,797	1,105,520	2,987,466	2,847,997	1,125,888
Other Financing Sources	-	-	-	-	-
TOTAL REVENUES	<u>\$ 107,565,722</u>	<u>\$ 112,620,691</u>	<u>\$ 116,014,971</u>	<u>\$ 120,992,360</u>	<u>\$ 118,341,090</u>
EXPENDITURES					
Instruction	\$ 58,160,282	\$ 60,225,803	\$ 65,404,929	\$ 66,990,354	\$ 67,997,387
Support Services	33,373,653	33,814,598	34,457,461	33,257,253	31,568,030
Operation of Non-Instructional Services	1,466,437	1,453,166	1,509,090	1,837,767	1,849,861
Facilities, Acquisition, Construction & Improvements	49,872	-	798	-	79,334
Debt Service	11,187,921	14,168,428	15,073,550	10,442,929	12,210,741
TOTAL EXPENDITURES	<u>\$ 104,238,165</u>	<u>\$ 109,661,995</u>	<u>\$ 116,445,828</u>	<u>\$ 112,528,303</u>	<u>\$ 113,705,353</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 3,327,557</u>	<u>\$ 2,958,696</u>	<u>\$ (430,857)</u>	<u>\$ 8,464,057</u>	<u>\$ 4,635,737</u>
OTHER FINANCING SOURCES/USES					
Refunds of Prior Years Receipts	(6,795)	-	(1,832,554)	(6,077)	-
Fund Transfers	\$ (4,804,520)	\$ (2,243,565)	\$ (895,649)	\$ (500,000)	\$ (2,573,201)
TOTAL OTHER	<u>\$ (4,811,315)</u>	<u>\$ (2,243,565)</u>	<u>\$ (2,728,203)</u>	<u>\$ (506,077)</u>	<u>\$ (2,573,201)</u>
BEGINNING FUND BALANCE - JULY 1	<u>14,251,915</u>	<u>12,768,157</u>	<u>13,483,288</u>	<u>10,358,932</u>	<u>18,316,912</u>
ENDING FUND BALANCE - JUNE 30	<u>\$ 12,768,157</u>	<u>\$ 13,483,288</u>	<u>\$ 10,324,228</u>	<u>\$ 18,316,912</u>	<u>\$ 20,379,448</u>

Source: School District Financial Reports.

Notes:

⁽¹⁾ Totals may not add due to rounding.

TABLE 4-A
SPRING-FORD AREA SCHOOL DISTRICT
GENERAL FUND BUDGET
(Years ending June 30) ⁽¹⁾

	Budget 2013
REVENUES	
Local Sources	\$ 99,608,167
State Sources	22,124,925
Federal Sources	1,118,342
Other Financing Sources	-
TOTAL REVENUES	\$ 122,851,434
EXPENDITURES	
Instruction	\$ 74,044,868
Support Services	19,624,668
Operation of Non-Instructional Services	18,840,882
Debt Service	13,408,066
Budgetary Reserve	400,000
TOTAL EXPENDITURES	\$ 126,318,484
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (3,467,050)
OTHER FINANCING SOURCES/USES	
Refunds of Prior Years Receipts	
Fund Transfers	\$ 3,467,050
TOTAL OTHER	\$ 3,467,050
BEGINNING FUND BALANCE - JULY 1	20,379,448
ENDING FUND BALANCE - JUNE 30	\$ 20,379,448

Source: School District Officials.

Notes:

⁽¹⁾ Totals may not add due to rounding.

**TABLE 4 - B
 SPRING-FORD AREA SCHOOL DISTRICT
 SUMMARY OF CHANGES IN FUND BALANCE**

	2008	2009	2010	2011	Unaudited 2012
Beginning Fund Balance	14,251,915	12,768,157	13,483,288	10,358,932	\$ 18,316,912
Surplus (Deficit) of Revenues over (under) Expenditures	(1,483,758)	715,131	(3,159,060)	7,957,980	2,062,536
Prior Period Adjustments					
Ending Fund Balance	\$ 12,768,157	\$ 13,483,288	\$ 10,324,228	\$ 18,316,912	\$ 20,379,448

Source: School District Annual Financial Reports 2008-2011, 2012 Unaudited.

Taxing Powers

NOTE: See “Special Session Act 1 of 2006 (Taxpayer Relief Act)” below for a discussion of certain school district taxing power limitations and expansions.

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
 - (d) amortization of bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.
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), 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 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

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.

The Act 1 Index applicable to the School district in the current and prior fiscal years are as follows:

Fiscal Year	Index
2008-09	5.9%
2009-10	5.4%
2010-11	3.8%
2011-12	1.8%
2012-13	2.2%

In accordance with the Taxpayer Relief Act, the Board of School Directors of the School District placed a referendum on the ballot for 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 earned income tax (EIT) or a personal income tax (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 Bonds are “Grandfathered” under the Taxpayer Relief Act

The 2006 Bonds refunded the School District's General Obligation Bonds, Series of 1997 (the "1997 Bonds"), which represent indebtedness of the School District that was incurred under the Local Government Unit Debt Act by resolution duly adopted by the Board of School Directors on August 25, 1997, and hence the 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 are refundings of debt which was incurred by the School District under the Local Government Unit Debt Act prior to June 27, 2006, the effective date of the Taxpayer Relief Act. No additional millage will have to be levied to pay the principal and interest on the Bonds and with respect to the Bonds no exceptions will have to be applied for from the Pennsylvania Department of Education (PDE) as hereinafter described. Under the Taxpayer Relief Act, 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.

New 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 \$14,355,000 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 \$14,355,000 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.

Tax Levy Trends

Table 5 which follows shows the recent trend of tax rates levied by the School District. Table 6 shows the comparative trend of real property tax rates for the School District, two boroughs and two townships located in the School District, and for Montgomery and Chester Counties.

TABLE 5
SPRING-FORD AREA SCHOOL DISTRICT
TAX RATES
(Mills on Assessed Value)

<u>Year</u>	<u>Real Estate (Mills)</u>	<u>Real Estate Transfer Tax⁽²⁾</u>	<u>Per Capita⁽¹⁾</u>	<u>Occupational Privilege⁽¹⁾</u>
2003-04	17.11	0.50%	\$5.00	\$5.00
2004-05	18.13	0.50%	\$5.00	\$5.00
2005-06	19.69	0.50%	\$5.00	\$5.00
2006-07	20.40	0.50%	\$5.00	\$5.00
2007-08	21.27	0.50%	\$5.00	\$5.00
2008-09	22.19	0.50%	\$5.00	\$5.00
2009-10	23.07	0.50%	\$5.00	\$5.00
2010-11	23.53	0.50%	\$5.00	\$5.00
2011-12	24.29	0.50%	\$5.00	\$5.00
2012-13	24.77	0.50%	\$5.00	\$5.00

Notes:

(1) \$5.00 under Act 511 and \$5.00 under Section 679 of the School Code.

(2) A 1.00% tax is levied and is subject to sharing at the rate of 50% with the municipalities, providing they levy the tax.

Source: 2012-13 General fund budget, approved 7/9/12

TABLE 6
SPRING-FORD AREA SCHOOL DISTRICT
2012-13 TAX RATES
(Mills on Assessed Value)
(Estimated)

	<u>Real Estate Tax Rate (Mills)</u>	<u>Per Capita Tax Under School Code</u>	<u>Act 511 Taxes</u>			
			<u>Per Capita</u>	<u>Earned Income</u>	<u>Local Services</u>	<u>Real Estate Transfer</u>
School District	24.769	\$5.00	\$5.00	0.50%	\$5.00	0.50%
Limerick Township	1.516	-	\$5.00	0.50%	\$5.00	0.50%
Royersford Borough	6.700	-	-	0.50%	\$5.00	0.50%
Spring City Borough	4.010	-	\$5.00	0.50%	\$5.00	0.50%
Upper Providence Township	0.000	-	\$5.00	0.50%	\$5.00	0.50%
Montgomery County	3.152					
Chester County	3.965					

Source: Local Government Officials.

Real Property Tax

The total revenue to be received from real property taxes in the 2011-12 (unaudited) is \$93,403,289, approximately 78.93% percent of the total estimated revenues of \$118,341,090. The tax is levied on July 1 of each year. Taxpayers who remit prior to August 31 receive a 2 percent discount, and those who remit between December 1 and November 1 pay at par. Taxes are considered delinquent as of November 1, and are liened with the County tax collection bureau as of December 31.

Two of the School District's ten largest real property taxpayers, Oak Mills, and Walnut Crossing Association, are currently appealing their respective assessed valuations. If successful, such appeals could result in a decrease in the total revenues to be received by the School District from real property taxes.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

**TABLE 7
SPRING-FORD AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

<u>Year</u>	<u>Market Valuation</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>Ratio of Assessed to Market</u>
2002	3,227,948,100	3,532,537,877	109.44%
2003	3,356,731,900	3,677,189,499	109.55%
2004	2,878,384,300	2,986,836,294	103.77%
2005	3,036,324,300	3,120,298,704	102.77%
2006	3,666,757,400	3,227,236,664	88.01%
2007	3,868,547,800	3,359,290,764	86.84%
2008	4,499,444,800	3,505,358,087	77.91%
2009	4,624,066,100	3,576,015,655	77.33%
2010	5,305,155,728	3,637,793,665	68.57%
2011	5,371,715,075	3,677,524,752	68.46%
2012	5,191,285,447	3,554,000,996	68.46% ⁽²⁾

Source: State Tax Equalization Board (STEB).

⁽¹⁾ Assessed Valuation on June 30 each year

⁽²⁾ Estimate based on 2011, the most recent published

**TABLE 8
SPRING-FORD AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

<u>SCHOOL DISTRICT</u>	<u>2010 Market Value</u>	<u>2010 Assessed Value</u>	<u>2011 Market Value</u>	<u>2011 Assessed Value</u>
Limerick Township ⁽¹⁾	2,086,468,194	1,355,954,807	2,110,661,135	1,369,238,037
Royersford Borough ⁽¹⁾	228,576,061	172,773,590	245,313,679	184,235,940
Spring City Borough ⁽²⁾	158,432,712	116,019,770	158,509,464	116,089,670
Upper Providence Township ⁽¹⁾	2,831,678,760	1,993,045,498	2,857,230,796	2,007,961,105
MONTGOMERY COUNTY	84,475,818,476	57,256,190,835	84,523,212,279	57,296,285,352
CHESTER COUNTY	53,030,154,622	36,830,662,396	53,338,147,230	37,104,385,376

Notes:

⁽¹⁾ Located in Montgomery County

⁽²⁾ Located in Chester County

**TABLE 9
 SPRING-FORD AREA SCHOOL DISTRICT
 HISTORICAL EARNED INCOME TAX COLLECTIONS**

	<u>Earned Income Tax Received</u>	<u>Dollar Increase from Prior Year</u>	<u>Converted Wages (E.I.T. / .005)</u>	<u>% Increase in E.I.T.</u>
2001-02	4,723,066.00	462,026.00	944,613,200.00	10.84%
2002-03	4,966,199.00	243,133.00	993,239,800.00	5.15%
2003-04	5,084,688.00	118,489.00	1,016,937,600.00	2.39%
2004-05	5,827,330.00	742,642.00	1,165,466,000.00	14.61%
2005-06	5,980,834.45	153,504.45	1,196,166,890.00	2.63%
2006-07	6,349,514.00	368,679.55	1,269,902,800.00	6.16%
2007-08	6,872,354.30	522,840.30	1,374,470,860.00	8.23%
2008-09	7,223,563.03	351,208.73	1,444,712,606.00	5.11%
2009-10	7,319,463.00	95,899.97	1,463,892,600.00	1.33%
2010-11	7,236,901.00 ⁽¹⁾	(82,562.00)	1,447,380,200.00	-1.13%
2011-12	7,495,000.00 ⁽²⁾	258,099.00	1,499,000,000.00	3.57%
2012-13	7,700,000.00 ⁽³⁾	205,000.00	1,540,000,000.00	2.74%

Sources:

- (1) Annual Financial Reports, June 30, 2011 Fiscal Year End
- (2) 2011-12 Unaudited
- (3) 2012-13 Budget

**TABLE 10
 SPRING-FORD AREA SCHOOL DISTRICT
 REAL PROPERTY TAX COLLECTION DATA**

Year	Assessed Valuation ⁽¹⁾	Mills	Total Adjusted Flat Billing ⁽²⁾	Current Year Collections (July - June)	Current Year Collections as % of Total Adjusted Flat Billing	Total Current + Delinquent Collections ⁽³⁾	Total Collections as % of Total Adjusted Flat Billing
2001-02	3,380,272,208	16.14	40,745,880	41,008,898	100.65%	42,095,202	103.31%
2002-03	3,532,537,877	17.11	47,629,071	46,080,161	96.75%	47,886,937	100.54%
2003-04	3,677,189,499	18.13	52,947,098	51,078,066	96.47%	52,320,865	98.82%
2004-05	2,986,836,294	18.94	59,297,849	57,395,089	96.79%	58,753,377	99.08%
2005-06	3,120,298,704	19.69	62,158,556	60,253,515	96.94%	61,450,954	98.86%
2006-07	3,227,236,664	20.40	66,291,422	64,856,906	97.84%	66,429,222	100.21%
2007-08	3,359,290,764	21.27	72,103,853	69,791,111	96.79%	71,322,318	98.92%
2008-09	3,505,358,087	22.19	76,259,406	74,762,836	98.04%	76,367,026	100.14%
2009-10	3,576,015,655	23.07	80,491,350	78,799,002	97.90%	80,616,800	100.16%
2010-11	3,663,511,345	23.53	84,104,816	82,080,284	97.59%	83,974,468	99.85%
2011-12 ⁽⁴⁾	3,677,508,612	24.29	84,019,890	80,644,208	95.98%	82,728,442	98.46%
2012-13	3,554,000,996	24.77	86,473,143			In Collection	

Source: School District Officials

- (1) As calculated by the State Tax Equalization Board.
- (2) Flat billing plus penalties, less discounts, rebates and exonerations.
- (3) Includes delinquent realty taxes collected only.
- (4) Unaudited.

The ten largest real property taxpayers, together with 2010-12 assessed values, are shown on Table 11 which follows.

**TABLE 11
SPRING-FORD AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

<u>Taxpayer</u>	<u>Location</u>	<u>Description</u>	<u>2011-2012 Assessed Valuation</u>
1 Wyeth-Ayerst	Upper Providence	Pharmaceutical	184,324,430
2 Chelsea Limerick Holdings LLC	Limerick	Shopping Center	56,018,930
3 Glaxo Smith Kline	Upper Providence	Pharmaceutical	47,750,000
4 SEI Corporation	Upper Providence	Investment	28,050,000
5 Providence Township Center	Upper Providence	Shopping Center	45,550,610
6 Exelon Generation Company	Limerick	Utility - Electric	20,000,000
7 Oak Mills	Upper Providence	422 Business Center	15,676,030 *
8 Walnut Crossing Association	Limerick	Apartment Complex	15,390,000 *
9 Valley Forge Distribution Center	Upper Providence	Distribution Center	14,469,200
10 Iacono-Summer Chase Apartments	Limerick	Apartment Complex	14,232,760
			\$ 441,461,960

Top Ten taxpayers as a % of Total Township Assessed Valuation (2012): 12.16%

Source: School District Officials.

* Oak Mills and Walnut Crossing Association are currently appealing their respective assessed valuations.

Other Taxes

Under Act 511, the School District is estimated to have collected \$8,679,413 during the fiscal year ending June 30, 2012. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax and Per Capita Tax are levied by the School District.

Real Estate Transfer. The School District levies a tax of one-half percent of the value of real estate transfers. For fiscal year end June 30, 2012 the School District's portion of this tax is estimated at \$1,061,426 or approximately 0.89% of the total revenue for 2012.

Earned Income Tax. The School District levies a tax of one-half percent on the earned income of residents. For the fiscal year ending June 30, 2012, the School District's portion of this tax is budgeted at \$7,495,090 or about 6.10% of total revenue.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the Public School Code) on each resident over 18 years old is budgeted at \$122,897 for fiscal year ending June 30, 2012, or approximately 0.11% of revenues.

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 may be eligible in future years to receive additional state funds from a recently enacted state tax on gaming. See "NEW LEGISLATION – Act 1 of 2006 (The Homeowner Taxpayer Relief Act)" herein.

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 accounts for 17.95% of the total revenues in the budgeted 2011-12 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 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 Commonwealth. The School District's 2012-13 Market Value/Personal Income Aid Ratio is .2774.

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 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 .2396. 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. The 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 and the current fiscal year's budget is as follows:

<u>School Year</u>	<u>State Reimbursement⁽¹⁾</u>
2000-01	11,974,964
2001-02	12,641,589
2002-03	13,418,301
2003-04	13,566,767
2004-05	14,933,207
2005-06	17,497,317
2006-07	17,742,715
2007-08	18,145,620
2008-09	21,355,719
2009-10	20,749,665
2010-11	20,098,505
2011-12 ⁽²⁾	21,243,441
2012-13 ⁽³⁾	22,124,925

Notes:

- (1) Beginning in 1995-96 the School District has received increased funds from the Commonwealth to pay its share of the School District's contribution to the Pennsylvania School Retirement System.
- (2) Estimated.
- (3) Budgeted.

DEBT AND DEBT LIMITS

Debt Statement

Table 12 which follows shows the debt of Spring-Ford Area School District as of October 1, 2012, including the issuance of the Bonds.

**TABLE 12
SPRING-FORD AREA SCHOOL DISTRICT
DEBT STATEMENT**

	<u>Gross Outstanding</u>
Non-Electoral Debt ⁽¹⁾	
General Obligation Bonds, Series A of 2012 (last maturity 2018)	\$ 14,355,000
General Obligation Bonds, Series of 2012 (last maturity 2025)	24,820,000
General Obligation Bonds, Series of 2010 (last maturity 2023)	10,780,000
General Obligation Bonds, Series A of 2007 (last maturity 2031)	28,540,000
General Obligation Bonds, Series of 2007 (last maturity 2025)	30,620,000
General Obligation Bonds, Series of 2006 (last maturity 2018)	-
General Obligation Bonds, Series of 2005 (last maturity 2022)	24,230,000
<i>Total Nonelectoral Debt</i>	<u>\$ 133,345,000</u>
Lease Rental Debt	
<i>Total Lease Rental Debt</i>	<u>\$ -</u>
<i>Total Principal of Direct Net Debt</i>	<u>\$ 133,345,000</u>

(1) Includes the Bonds, but not the 2006 Bonds being refunded.

Table 13 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$133,345,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$128,211,218.

TABLE 13
SPRING-FORD AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of October 1, 2012)*

	<u>Gross Outstanding</u>	<u>Local Effort or Net of Available Funds and Estimated State Aid ⁽¹⁾</u>
DIRECT DEBT		
Non-Electoral Debt	\$ 133,345,000	\$ 128,211,218
Lease Rental Debt	-	-
Total Direct Debt	<u>\$ 133,345,000</u>	<u>\$ 128,211,218</u>
OVERLAPPING DEBT		
Chester County, General Obligations ⁽²⁾	\$ 1,631,524	\$ 1,631,524
Montgomery County, General Obligations ⁽³⁾	19,586,060	19,586,060
Limerick Township	12,038,556	12,038,556
Upper Providence Township	19,202,000	19,202,000
Royersford Borough	4,086,118	4,086,118
Spring City Borough	737,501	737,501
Total Overlapping Debt	<u>\$ 57,281,759</u>	<u>\$ 57,281,759</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 190,626,759</u>	<u>\$ 185,492,976</u>
DEBT RATIOS		
Per Capita (2010)	\$ 4,024	\$ 3,916
% of 2012 Assessed Value	5.25%	5.11%
% of 2012 Market Value	3.59%	3.50%

*Includes the Bonds offered through this Official Statement.

⁽¹⁾ Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See "State Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount.

⁽²⁾ Pro rata 0.31% share of \$521,465,000,000 debt outstanding for Chester County.

⁽³⁾ Pro rata 6.22% share of \$315,100,000 debt outstanding Montgomery County.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Net Revenues for 2009-10	\$116,484,930
Total Net Revenues for 2010-11	\$120,553,088
Total Net Revenues for 2011-12 (unaudited).....	\$121,161,149
Total	<u>\$ 358,199,167</u>
Annual Arithmetic Average (Borrowing Base)	\$ 119,399,722

Under the Act as presently in effect, new nonelectoral debt may not be incurred if the amount of such new nonelectoral debt plus all outstanding net nonelectoral debt would cause total net nonelectoral debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following products:

	<u>Legal Limit</u>	<u>Net Debt Outstanding</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt Limit:			
225% of Borrowing Base	\$268,649,375	\$133,345,000	\$135,304,375

Includes the Bonds described herein, and does reflect credits against gross indebtedness that may be a claim for a portion of principal of debt estimated to be reimbursed by State aid and exclusions based upon debt service payments that have been appropriated for in the School District's current budget.

Debt Service Requirements

Table 14 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 15 presents data on the extent to which State Aid provides coverage for debt service and lease rental requirements.

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

TABLE 14
SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania
Calculation of Existing Gross Debt Service Payable
(Including Series A of 2012)

School Year	Series of 2005	Series of 2006	Series of 2007	Series A of 2007	Series of 2010	Series of 2012	Series A of 2012	Total D/S Payable
2012-13	3,298,900.00	3,835,807.50	1,447,263.76	2,123,216.26	1,171,871.26	1,506,175.00	-	13,383,233.78
2013-14	3,305,275.00	-	1,441,951.26	2,122,416.26	1,171,821.26	2,984,925.00	2,690,901.11	13,717,289.89
2014-15	3,300,012.50	-	1,441,951.26	2,125,216.26	1,176,021.26	2,998,550.00	3,831,850.00	14,873,601.28
2015-16	3,299,500.00	-	1,442,336.26	2,116,416.26	1,175,421.26	2,990,550.00	3,830,900.00	14,855,123.78
2016-17	3,303,875.00	-	1,442,442.50	2,116,416.26	1,172,671.26	3,000,000.00	3,831,850.00	14,867,255.02
2017-18	4,038,875.00	-	3,077,262.50	2,109,166.26	1,170,706.26	2,992,200.00	1,349,300.00	14,737,510.02
2018-19	2,522,625.00	-	4,756,062.50	2,100,566.26	1,174,868.76	2,989,400.00	-	13,543,522.52
2019-20	2,523,250.00	-	4,759,862.50	2,100,566.26	1,174,718.76	2,993,900.00	-	13,552,297.52
2020-21	2,523,500.00	-	4,767,862.50	2,103,766.26	1,173,668.76	2,987,500.00	-	13,556,297.52
2021-22	2,523,125.00	-	4,779,662.50	2,089,356.26	1,174,056.26	2,997,300.00	-	13,563,500.02
2022-23	2,524,500.00	-	4,794,862.50	2,092,587.50	1,173,306.26	2,992,500.00	-	13,577,756.26
2023-24	-	-	4,806,787.50	2,092,567.50	-	-	-	6,899,355.00
2024-25	-	-	4,823,737.50	2,089,555.00	-	-	-	6,913,292.50
2025-26	-	-	-	2,094,205.00	-	-	-	2,094,205.00
2026-27	-	-	-	2,085,350.00	-	-	-	2,085,350.00
2027-28	-	-	-	2,079,130.00	-	-	-	2,079,130.00
2028-29	-	-	-	2,078,730.00	-	-	-	2,078,730.00
2029-30	-	-	-	2,080,250.00	-	-	-	2,080,250.00
2030-31	-	-	-	2,076,725.00	-	-	-	2,076,725.00
2031-32	-	-	-	2,074,825.00	-	-	-	2,074,825.00
2032-33	-	-	-	2,074,325.00	-	-	-	2,074,325.00
TOTAL	33,163,437.50	3,835,807.50	43,782,045.04	44,025,352.60	12,909,131.36	31,433,000.00	15,534,801.11	184,683,575.11

**TABLE 15
 SPRING-FORD AREA SCHOOL DISTRICT
 COVERAGE OF DEBT SERVICE AND LEASE RENTAL
 REQUIREMENTS BY STATE AID**

2012-13 State Aid Received (Budgeted)	\$22,124,925
2012-13 Debt Service Requirements (Budgeted)	13,408,066
Maximum Future Debt Service Requirements after Issuance of Bonds	14,873,601
Coverage of 2011-12 Debt Service Requirements	1.65 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	1.49 times

Future Financing

The School District does not anticipate issuing additional long-term debt in the near future. The School District does anticipate minor maintenance and roof replacement projects in the near future, but believe the funds currently available in its Capital Reserve Fund will be sufficient to fund these minor projects.

The School District's ability to issue additional debt in the future may be subject to the limitations imposed by "Special Session Act 1 of 2006 (Taxpayer Relief Act)". See "NEW LEGISLATION" herein.

LABOR RELATIONS

School District Employees

During the 2011-2012 school year, there were 7,818 students in the School District who are served by some 597 teachers and a staff of 360, which includes 107 full-time instructional support staff members, 62 maintenance and custodial staff members, 90 full-time support staff members, 68 food service staff members, 32 administrative staff members, and 1 part-time support staff members.

The School District's teachers are represented by the Spring-Ford Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires August 1, 2013. Non-teaching employees are represented by a separate bargaining unit.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement Board. All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program.

The State, School District and employees each contribute a share of the employee's salary. Recent School District payments have been as follows:

<u>Year</u>	<u>Contribution</u>
2000-01	1,974,391
2001-02	2,215,439
2002-03	1,563,410
2003-04	1,219,301
2004-05	1,606,067
2005-06	1,921,110
2006-07	2,776,873
2007-08	2,911,391
2008-09	3,503,030
2009-10	2,498,010
2010-11	2,682,820

Source: School District FYE 2011 Audited Financial Statements.

The School District is current in all payments.

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.

Post Employment Benefits Other Than Pension (OPEB)

The District provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by District Supervisors and can be amended by the District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the District's General Fund.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the plan:

Normal cost	\$ 373,314
Amortization of unfunded actuarial accrued liability	283,909
Interest	<u>16,799</u>
ANNUAL REQUIRED CONTRIBUTION (ARC)	674,022
Interest on net OPEB obligation	32,171
Adjustment to ARC	<u>(43,889)</u>
ANNUAL OPEB EXPENSE	662,304
Net OPEB contributions during the year	<u>(275,932)</u>
INCREASE IN NET OPEB OBLIGATION	386,372
Net OPEB obligation at beginning of year	<u>714,900</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 1,101,272</u>

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Const Contributed</u>	<u>NET OPEB Obligation</u>
2008	\$ 690,024	59.0%	\$283,577
2009	\$ 685,376	37.1%	\$714,900
2010	\$ 662,304	41.7%	\$1,101,272

According to the actuarial report dated July 1, 2010, the actuarial accrued liability for benefits was \$4,624,572 and the actuarial value of assets was \$0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$55,492,660, and the ratio of the UAAL to the covered payroll was 8.33%.

LITIGATION

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 therefore, or any proceedings of the School District taken with respect to the issuance or sale thereof.

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, as the same becomes due and payable, 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 an action in the Court of Common Pleas of the county in which the School District is located. 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 hereinbefore described.

TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, Fox Rothschild LLP, bond counsel to the School District ("Bond Counsel") will issue an opinion to the effect that under existing laws as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, although, in the case of certain corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax.. However, interest on any Bonds held by certain foreign corporations may be subject to the branch profits tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder. This opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being "original issue discount." Generally, original issue discount accruing on a tax-exempt obligation is treated as interest entitled to the same tax exemption and alternative minimum tax status as regular interest. In addition, original issue discount that has accrued on a tax-exempt obligation increases the holder's tax basis for purposes of determining taxable gain or loss upon sale or other disposition of such obligation prior to maturity. The Code provides specific rules for the accrual of original issue discount on tax-exempt obligations for Federal income tax purposes. Prospective purchasers of Bonds being sold with original issue discount should consult their tax advisors for further information.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price greater than the stated redemption price of such Bonds at maturity (that is, at greater than par or the stated principal amount), the difference being "original issue premium." Generally, original issue premium is amortizable ratably over the term of the obligation through reductions in the holder's tax basis for purposes of determining taxable gain or loss upon the sale or other disposition of such obligation prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the obligation rather than creating a deductible expense or loss. The Code provides specific rules for the amortization of original issue premium on tax-exempt obligations for Federal income tax purposes. Prospective purchasers of Bonds being sold with original issue premium should consult their tax advisors for further information.

Ownership of the Bonds may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, 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 will express no opinion as to such collateral tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to such matters.

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth of Pennsylvania as enacted and construed as of the date of initial delivery of the Bonds, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Other Changes in Federal and State Tax Law

Proposals to alter or eliminate the exclusion of interest on tax-exempt bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. For example, in September 12, 2011, President Obama submitted the "American Jobs Act of 2011" (the "Jobs Act") to Congress. While the Jobs Act was not enacted in its original form, certain measures in support of tax-reform continue to appear in the President's fiscal 2013 budget request, released in February 2012. The 2013 budget proposes a 28% cap on the value of tax preferences, including tax-exempt interest for municipal bonds. There is much uncertainty regarding whether any legislation to effect tax-reform will be enacted now or in the future. The impact of such legislation on the Bonds cannot be predicted.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the School District will agree:

- (i) to provide at least annually with the Municipal Securities Rulemaking Board (the "MSRB") Electronic Municipal Marketing Access system (EMMA) the following annual financial information and operating data with respect to the School District for each of its fiscal years, beginning with the fiscal year ending June 30, 2013, within 210 days following the end of such fiscal year.
 - the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;
 - a summary of the budget for the new fiscal year;
 - the aggregate assessed value and aggregate market value of all taxable real estate for the new fiscal year;
 - the taxes and millage rates imposed for the new fiscal year;
 - the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount)
 - a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the new fiscal year; and
 - pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible).

- (ii) in a timely manner not in excess of ten business days after the occurrence of the event, to file with the MSRB, notice of the occurrence of any of the following events with respect to the Bond: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the School District; (13) the consummation of a merger, consolidation, or acquisition involving the School District or 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, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (iii) to provide, in a timely manner, to the MSRB, notice of the failure of the School District to provide the information set forth in subparagraph (i) above on or before the date specified above.

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, but the School District does not commit to provide any such notice of the occurrence of any events except those specifically listed above.

The School District reserves the right to terminate its obligation 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 or beneficial owners of the Bonds and shall be enforceable by the holders or beneficial owners of such Bonds; provided that the Bondholders' right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

Effective as of July 1, 2009, any filing with the MSRB may be made solely by transmitting such filing to the MSRB through its Electronic Municipal Market Access (EMMA) system.

The School District may modify from time to time the specific types of information provided or the format of the presentation of such information, as a result of a change in legal requirements or change in the nature of the School District; provided that any such modification will be done in a manner consistent with the rule including amendments thereto and will not, in the opinion of nationally recognized bond counsel, violate the Rule, as amended.

The School District has complied with all prior written undertakings under the Rule to provide ongoing disclosure of annual financial information and notice of material events affecting its securities.

RATING

Moody's Investor's Service which has assigned its municipal bond rating of "Aa2" to this issue of 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, at the following address: Moody's Investor's Service, 250 Greenwich Street, New York, New York 10007. 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 that any such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency, it circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The School District has not undertaken any responsibility to maintain any particular rating on the Bonds.

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 purchase price of \$15,070,329.20 (consisting of underwriters discount of \$75,363.75 and an original issue premium of \$790,692.95) from the initial public offering prices set forth on the inside cover page hereof. 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.

LEGAL OPINION

The Bonds are offered subject to the receipt of the unqualified approving legal opinion of Fox Rothschild LLP, Bond Counsel, of Lansdale, Pennsylvania. Certain legal matters will be passed upon for the School District by Fox Rothschild LLP, of Lansdale, Pennsylvania, School District Solicitor.

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by Boenning & Scattergood, Inc., West Conshohocken, Pennsylvania, in its capacity as Underwriter to the School District. The information set forth in this Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Bonds.

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

SPRING-FORD AREA SCHOOL DISTRICT
Montgomery and Chester Counties, Pennsylvania

By: /s/ Thomas J. DiBello
President, Board of School Directors

APPENDIX A

**Demographic and Economic Information
Relating to the
Spring-Ford Area School District**

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DESCRIPTION OF SPRING-FORD AREA SCHOOL DISTRICT

Introduction

Spring-Ford Area School District, Montgomery and Chester Counties, Pennsylvania (the "School District") is located midway between Norristown, Pennsylvania, the county seat of Montgomery County, and Pottstown, Pennsylvania, in the western central portion of Montgomery County and in the eastern central section of Chester County. The School District is comprised of the Townships of Limerick and Upper Providence and the Boroughs of Royersford and Spring City (collectively, the "Component Municipalities"); Spring City Borough lies in eastern Chester County, while the other three Component Municipalities are situated in western Montgomery County.

Population

Table A-1 which follows shows recent population trends for the School District, Montgomery and Chester Counties and the Commonwealth of Pennsylvania. The U.S. Census Bureau reports that the School District's 2010 population is 47,368. This represents an increase of 10,885, or approximately 29.84%, from the population in the year 2000. Table A-1 shows the 2010 Census population paired with the 2010 age composition and average number of persons per household in Montgomery and Chester Counties and for the State.

Economy of the School District

Four major employers and two major shopping complexes are located in Limerick and Upper Providence Townships as a result of the closeness to the Pottstown Expressway of Route 422

In January, 2009, Pfizer announced that it would buy Wyeth and on October 15, 2009, Pfizer completed its acquisition of Wyeth following the receipt of regulatory approval from all government authorities required by the merger agreement and approval by Wyeth shareholders. Pfizer-Wyeth will have numerous prescription drugs on the market this year. The combined operation will produce a company with a distinct blend of diversification, flexibility, and scale. It will also ensure Pfizer's position as the world's largest pharmaceutical company.

Glaxo SmithKline (GSK) is one of the world's leading healthcare companies. They are the only pharmaceutical company to tackle the three "priority" diseases identified by the WorldHealth Organization: HIV/AIDS, tuberculosis, and malaria. GSK discovers, develops, manufactures, and markets pharmaceuticals, vaccines, over-the-counter medicines and health related consumer products and provides healthcare services including disease management, clinical laboratory testing, and pharmacy benefit management.

SEI Investments is a leading global provider of asset management and investment technology solutions. Their innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. Iron Mountain, Inc. is the world's trusted partner for outsourced records and information management services. Founded in 1951, the Company has grown to service customer accounts throughout the United States, Canada, Europe and Latin America.

Iron Mountain offers records management services for both physical and digital media, disaster recovery support services, and consulting - services that help businesses save money and manage risk associated with legal and regulatory compliance, protection of vital information, and business continuity challenges.

Philadelphia Premium Outlets, located off the Sanatoga Exit of Route 422 in Limerick Township, features more than 150 designers and brand-name outlet stores in an astounding 425,000-square-foot retail space. Upscale merchants includes such names as Calvin Klein, Coach, J.Crew, Sony, Adidas, Ann Taylor, Banana Republic, BCBG Max Azria, Brooks Brothers, Cole Haan, DKNY, Gap Outlet, Guess, Michael Kors, Neiman Marcus Last Call, Nike, Polo Ralph Lauren, Puma, Tommy Hilfiger and more.

Providence Town Center is a still-evolving shopping megacentre located off U.S. 422 on Route 29. Providence Town Center is home to Wegmans, LA Fitness, Best Buy, Dick's Sporting Goods, Ulta, Five Below, PNC Bank, P.F. Chang's, Staples, PetSmart, Olive Garden, Home Goods, and Michaels Arts & Crafts Store. Other stores planned are food-oriented stores, movie theater, Eastern Mountain Sports, furniture kingpin Raymour & Flanigans, and other retailers.

The location of the School District also provides residents with many employment opportunities in neighboring communities and in the major employment centers of the Delaware Valley. These include the City of Philadelphia (45 minutes), Valley Forge and King of Prussia Industrial Parks (10 minutes), the City of Reading (20 minutes), and the Great Valley Corporate Center (20 minutes). These facilities provide office space for some 200 industrial concerns, including Verizon, AT&T, Xerox, Prudential Insurance, Honeywell, NCR, and IBM. The following table depicts some of the largest employers located throughout Montgomery County.

Employment

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Philadelphia, PA-NJ Primary Metropolitan Statistical Area ("PMSA") which includes all of Montgomery and Chester Counties.

Table A-3 shows the distribution of employment for the PMSA for November, 2011. For the PMSA as a whole, transportation, wholesale and retail trade, and service sectors of the economy has experienced the most rapid growth in the past five years, with employment in the other sectors declining.

Major employers within or near the School District include:

<u>Name</u>	<u>Product or Service</u>	<u>Approximate Employment</u>
Merck & Company, Inc.,	Pharmaceuticals	12,000
Main Line Health Systems	Healthcare	9,990
Abington Memorial Hospital	Healthcare	5,410
AlliedBarton Security	Health Care Management	4,500
Wyeth Pharmaceuticals	Pharmaceuticals	3,700
Aetna	Healthcare	3,664
Lockheed Martin Corp.	Health Care Management	3,500
Quest Diagnostics	Healthcare	3,050
ABM Services	Facilities & Maintenance	3,000
Unisys	Computers	3,000
Lankenau Hospital	Healthcare	2,100
McNeil Pharmaceuticals	Pharmaceuticals	2,100

Source: Montgomery County Economic Development Corporation

**TABLE A-1
RECENT POPULATION TRENDS**

<u>Political Subdivision</u>	<u>2010 Census Population</u>	<u>2000 Census Population</u>	<u>Age</u>		<u>Number of Households</u>	<u>Number of Families</u>
			<u>% under 19</u>	<u>% 65 and over</u>		
Limerick Township	18,074	13,534	28.5 %	11.4 %	6,892	4,811
Royersford Borough	4,752	4,246	23.7	11.4	2,132	1,180
Upper Providence Township	21,219	15,398	30.7	10.1	7,360	5,635
Spring City Borough (Chester County)	<u>3,323</u>	<u>3,305</u>	23.6	13.4	<u>1,502</u>	<u>787</u>
Total	<u>47,368</u>	<u>36,483</u>	--	--	<u>17,886</u>	<u>12,414</u>
Montgomery County	799,874	750,097	12.9 %	6.3 %	307,750	208,959
Chester County	498,886	433,501	27.7 %	12.6 %	182,900	129,138
Commonwealth of PA	12,702,379	12,281,054	24.9 %	15.4 %	5,018,904	3,261,307

Source: U. S. Bureau of the Census 2000 and 2010 Population Estimates.

**TABLE A-2
SUMMARY OF GENERAL POPULATION CHARACTERISTICS**

<u>Political Subdivision</u>	<u>Total Housing Units</u>	<u>Occupied Housing Units</u>		
		<u>% Owner Occupied</u>	<u>2010 Median Value</u>	<u>Median Monthly Rent</u>
Limerick Township	7,019	80.8 %	\$293,900	1,219
Royersford Borough	2,179	52.5	181,600	840
Upper Providence Township	7,500	87.1	337,200	1,183
Spring City Borough (Chester County)	<u>1,607</u>	57.1	163,600	758
Total	<u>18,305</u>	---	---	
Montgomery County	325,773	73.0 %	295,300	1,057
Chester County	192,462	76.2 %	330,500	1,135
Commonwealth of Pennsylvania	5,567,315	69.6 %	165,500	763

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

**TABLE A-3
DISTRIBUTION OF EMPLOYMENT*
Philadelphia Standard Metropolitan Statistical Area****

OCCUPATION	Chester County		Montgomery County	
	2010 Census	Percentage of Distribution of 2010 Employment	2010 Census	Percentage of Distribution of 2010 Employment
Management, professional, and related occupations	121,563	48.0%	199,633	48.5%
Service occupation	33,382	13.2%	49,922	12.1%
Sales and office occupations	60,430	23.9%	103,307	25.1%
Farming, fishing, and forestry occupations				
Construction, extraction, and maintenance occupations	17,932	7.1%	27,242	6.6%
Production, transportation, and material moving occupations	19,686	7.8%	31,413	7.6%
Total	252,993	100.00%	411,517	100.00%

Notes:

* Non-Agricultural Wage and Salary Employment; established data.

** Also Includes Burlington, Camden and Gloucester Counties in New Jersey.

Source: Pennsylvania State Employment Service.

Table A-4 shows recent trends in labor force, employment and unemployment for the State, Montgomery County, and Chester County over the past five years.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT
AND UNEMPLOYMENT**

	2006	2007	2008	2009	2010	2011	2012⁽¹⁾
United States							
Total Labor Force (000)	151,428.00	153,124.00	154,287.00	154,142.00	153,889.00	153,887.00	155,163.00
Unemployment Rate	4.60%	4.60%	5.80%	9.30%	9.60%	8.50%	8.20%
Pennsylvania							
Total Labor Force (000)	6,281.00	6,023.00	6,395.00	6,383.00	6,340.00	6,351.00	6,468.00
Unemployment Rate	4.50%	4.40%	5.40%	8.00%	8.70%	7.60%	7.60%
Montgomery County							
Total Labor Force (000)	426	427	433.8	423.9	419.3	429.1	433.6
Unemployment Rate	3.50%	3.40%	4.40%	6.80%	7.40%	6.70%	6.80%

⁽¹⁾ As of June 2012

Income

The data on Table A-5 shows recent trends in per capita income for the School District, Montgomery County and Pennsylvania over the 1990-2000 period. Per capita income in the School District is higher than average per capita income in the State. The per capita income of Montgomery and Chester Counties increased at a faster rate over this period than per capita for the State and United States.

**TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME**

<u>Political Subdivision</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>Percent of Change</u>
Montgomery County	\$21,990	\$30,898	\$38,792	25.55%
Chester County	25,990	31,627	40,138	26.91%
Commonwealth of Pennsylvania	18,725	20,880	26,374	26.31%
United States	18,635	20,498	26,059	27.13%

Source: U.S. Census.

Commercial Activity

Table A-6 shows recent trends for retail sales in Montgomery County and the State.

Financial Institutions

Four commercial banks and two savings banks maintain branch offices throughout the School District. These are as follows: U.S. Bank National Association (two offices); PNC Bank, N.A.; The Phoenixville National Bank & Trust Co.; The National Penn Bank; Commonwealth Bank; Commerce Bank, N.A. and Patriot Savings Bank.

Housing

According to the 2010 census figures there are 325,735 housing units in Montgomery County, as opposed to 297,434, in 2000. This represents an increase of 28,301 units within a decade. Chester County has 192,462 housing units, as opposed to 163,773 in 2000. This represents an increase of 28,689 units within a decade.

Transportation

The economic position of the School District has been bolstered by a fine network of federal and state highways. The School District is served by more than eighty motor freight companies. U.S. Route 422 passes through the School District in a north-south direction, connecting the area with Valley Forge to the south and Pottstown to the north. State Routes 29 and 113 connect the School District with the Borough of Phoenixville. Railroad service is provided by two branch lines of Conrail. Bus service to Philadelphia is provided by the Southeastern Pennsylvania Transit Authority (SEPTA). Light aircraft service is available at the Pottstown-Limerick Airport, which has single and multiple engine aircraft available for charter flights. The Airport also provides commuter connections to the Philadelphia International Airport.

Educational Institutions

Residents in the area have access to a number of educational facilities. These include private preparatory schools such as the Pennview Christian School, Christopher Dock, Lansdale Catholic and Grace Christian School. Higher educational facilities include Ursinus College, Temple University, Bucks County Community College, Arcadia University, Montgomery County Community College and Delaware Valley College of Science and Agriculture.

Recreation

Spring-Ford is also within a few minutes of Ursinus College in Collegeville, the scenic and recreational attractions of Valley Forge National Historical Park, the outdoor attractions of French Creek State Park, historical Hopewell Village, and the quaint and fanciful shops and restaurants of St. Peter's Village. It is within minutes of the Philadelphia Premium Outlets in Limerick Township, the Providence Township Center in Upper Providence, and the King of Prussia Mall. It is also less than an hour's drive east of Lancaster and the heart of Pennsylvania Dutch Amish Country.

School District residents have access to a variety of recreational facilities through public, private and quasi-public agencies. Numerous public and private golf courses are located throughout the School District for the enthusiastic golfer. Montgomery County provides recreational parks along the Schuylkill River for use by its residents.

Public Utilities

Residents of the School District are provided with sewer service by various municipal sewer authorities as well as by Component Municipalities; certain portions of the School District are served by on-site systems. Water service is provided by both private water companies and on-site wells. Both electricity and natural gas are provided to the School District by the Philadelphia Electric Company and telephone service is provided by Bell of Pennsylvania.

Health Care

Phoenixville Hospital and Pottstown Memorial Medical Center are located adjacent to the School District. The following medical facilities are located within easy access of the School District: North Penn Hospital, Montgomery Hospital, Mercy Suburban Hospital, Grandview Hospital and Chestnut Hill Hospital. A medical center operated by the Phoenixville Hospital is located in Limerick and one is located in Upper Providence that is operated by the Jefferson Medical Center.

Police and Fire Protection

Police protection is provided to the School District by both local police departments and the Pennsylvania State Police. Fire protection and ambulance service are provided by the Component Municipalities.

Communications

Three daily and two weekly newspapers are circulated throughout the School District. The two daily newspapers include: *The Mercury*, which is published in Pottstown and *The Times Herald*, which is published in Norristown. *The Reporter* and *The Phoenix* are distributed on a weekly basis throughout the area. The District's website, www.spring-ford.net, provides information for the public to view. Ram Country Television (RCTV) broadcasts on Comcast Channel 969 and Verizon FIOS 44, with all programming being provided through the school district. Viewers who tune into these channels are able to watch live broadcasts of board meetings and athletic events, as well as view important messages about district events and initiatives.

APPENDIX B

Debt Service Schedule

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SPRING-FORD AREA SCHOOL DISTRICT
 Montgomery and Chester Counties, Pennsylvania
 General Obligation Bonds, Series A of 2012

Debt Service Schedule

Dated: Date of Issuance
Due: February 1

Interest Payable: February 1 and August 1
Commencing: August 1, 2013

Date	Principal	Coupon	Interest	Total P+I	Annual Paymnet
02/01/2013	-	-	-	-	-
08/01/2013	-	-	253,726.11	253,726.11	-
02/01/2014	2,250,000.00	3.000%	187,175.00	2,437,175.00	2,690,901.11
08/01/2014	-	-	153,425.00	153,425.00	-
02/01/2015	3,525,000.00	1.729%	153,425.00	3,678,425.00	3,831,850.00
08/01/2015	-	-	122,950.00	122,950.00	-
02/01/2016	3,585,000.00	2.763%	122,950.00	3,707,950.00	3,830,900.00
08/01/2016	-	-	73,425.00	73,425.00	-
02/01/2017	3,685,000.00	2.919%	73,425.00	3,758,425.00	3,831,850.00
08/01/2017	-	-	19,650.00	19,650.00	-
02/01/2018	1,310,000.00	3.000%	19,650.00	1,329,650.00	1,349,300.00
Total	\$14,355,000.00	-	\$1,179,801.11	\$15,534,801.11	\$15,534,801.11

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APPENDIX C

Proposed Form of Bond Counsel Opinion

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_____, 2012

Boenning & Scattergood, Inc.
Four Tower Bridge, Suite 300
200 Barr Harbor Drive
West Conshohocken, PA 19428

Re: Spring-Ford Area School District
Montgomery and Chester Counties, Pennsylvania
\$14,355,000 General Obligation Bonds, Series A of 2012

Ladies and Gentlemen:

We have acted as Bond Counsel to Spring-Ford Area School District, Montgomery and Chester Counties, Pennsylvania (the "School District"), a school district located in the Commonwealth of Pennsylvania (the "Commonwealth"), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series A of 2012, dated _____, 2012, in the aggregate principal amount of Fourteen Million Three Hundred and Fifty Five Thousand Dollars (\$14,355,000) (the "Bonds").

The Board of Directors of the School District, by a Resolution dated October 22, 2012 (the "Resolution"), has authorized and directed the issuance of the Bonds. The Resolution provides, *inter alia*, that the proceeds of the Bonds will be used for purposes of: (1) the current refunding of the School District's outstanding General Obligation Bonds, Series of 2006 (the "Refunded Bonds"); and (2) paying the costs and expenses related to the issuance of the Bonds (collectively known as the "Project"), all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the "LGUDA"). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA.

The Department of Community and Economic Development (the "Department") of the Commonwealth has approved the proceedings for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) the form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement, (6) Escrow Agreement; and (7) the usual closing affidavits, certificates and documents.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

We have further assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, succession or inheritance taxes or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.

2. The amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of

the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.

3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.

4. The Bonds are not presently “arbitrage bonds” as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excluded from gross income for Federal income tax purposes, and is not an item of “tax preference” for purposes of the Federal alternative minimum tax imposed on individuals and corporations, although in the case of certain corporations and entities treated as corporations for Federal income tax purposes, such interest may be indirectly subject to the alternative minimum tax because of its inclusion in the income reported for financial accounting purposes or earnings and profits of the holder.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.

Notwithstanding the general excludability of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain “S” Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; 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. We offer no opinion as to any of such other tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinion set forth in paragraph 5 above is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention that the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006 ("Act 1") became effective June 27, 2006. Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. Act 1 provides an exception from the referendum requirement for tax increases for the purposes of paying principal and interest on, and costs of issuance of, debt which refunds debt incurred by the School District prior to the effective date of Act 1, such as the Refunded Bonds. However, the use of such exception by the School District must be approved by the Pennsylvania Department of Education. We express no opinion regarding the likelihood of approval by the Pennsylvania Department of Education of the use of the foregoing exception by the School District with respect to the Bonds.

We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in such laws,

Boenning & Scattergood, Inc.

_____, 2012

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regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

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