

OFFICIAL STATEMENT

New Issue

BOOK-ENTRY ONLY

Insured Bond Rating: Standard & Poor's "AA-" (stable outlook)

(Assured Guaranty Municipal Corp. Insured)

Enhanced Bond Rating (Based on Pennsylvania Act 150): Standard & Poor's "A"

Underlying Bond Rating (based on School District): Standard & Poor's "A-" (stable outlook)
(See "BOND INSURANCE" and "BOND RATINGS" herein.)

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income, and personal property taxes within the Commonwealth of Pennsylvania. (See "TAX MATTERS" herein.)

The School District has designated the Bonds as "Qualified Tax-Exempt Obligations" pursuant to §265(b)(3) of the Code (relating to the deductibility of interest expense by certain financial institutions).

\$3,365,000

THE SCHOOL DISTRICT OF THE CITY OF MONESSEN (Westmoreland County, Pennsylvania)

\$1,575,000 GENERAL OBLIGATION NOTES, REFUNDING SERIES A OF 2012

\$1,790,000 GENERAL OBLIGATION BONDS, REFUNDING SERIES B OF 2012

INITIALLY DATED: Date of Delivery

PRINCIPAL DUE: June 1, as shown herein

FORM: Book-Entry Only

INTEREST PAYABLE: June 1 and December 1

FIRST INTEREST PAYMENT DATE: December 1, 2012

DENOMINATION: Integral multiples of \$5,000

PAYMENT OF PRINCIPAL AND INTEREST: The General Obligation Notes, Refunding Series A of 2012, in the aggregate principal amount of \$1,575,000 (the "Series A Notes") and the General Obligation Bonds, Refunding Series B of 2012, in the aggregate principal amount of \$1,790,000 (the "Series B Bonds," and together with the Series A Notes, the "Bonds") of the School District of the City of Monessen, Westmoreland County, Pennsylvania (the "School District"), are issuable only in fully registered form, 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 integral 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 June 1 and December 1 of each year that the Bonds are outstanding, commencing on December 1, 2012. Purchasers will not receive physical delivery of certificates representing their ownership interests in the Bonds purchased. For so long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

USE OF FUNDS: The proceeds to be derived by the School District from the issuance and sale of the Series A Notes will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series A of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series A Notes. The proceeds to be derived by the School District from the issuance and sale of the Series B Bonds will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series B of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series B Bonds.

REDEMPTION: The Bonds are subject to optional and mandatory redemption prior to their stated maturity dates, as provided herein.

SECURITY FOR THE BONDS: The Bonds are general obligations of the School District, payable from its taxes and other available revenues which presently include ad valorem taxes which may be levied on all taxable real property within the School District for the payment when due of the principal of and the interest on the Bonds. (See "INTRODUCTORY STATEMENT" and "The Taxpayer Relief Act (Act 1), As Amended" herein.) The School District has covenanted that it will provide in its budget in each year, and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution (as defined below) of the School District pursuant to which the Bonds are issued, or from any other of its available revenues or funds, the principal of and the interest on every Bond on the dates and at the place and in the manner stated in the Bonds. For such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and available taxing power.

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



AUTHORIZATION FOR ISSUANCE: The Bonds are being issued in accordance with the Local Government Unit Debt Act, as amended (the "Act") of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, with the approval of the Pennsylvania Department of Community and Economic Development and pursuant to a Resolution duly adopted by the Board of School Directors of the School District on May 8, 2012 (the "Resolution").

CONTINUING DISCLOSURE UNDERTAKING: *The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See "CONTINUING DISCLOSURE UNDERTAKING" herein.)*

LEGAL APPROVALS: *The Bonds are offered when, as and if issued by the School District and received by the Underwriter, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by its Counsel, John S. Toohey, Esquire, Mount Pleasant, Pennsylvania. The Bonds are expected to be available for delivery on June 18, 2012 in New York, New York.*

REGISTRATION OF BONDS: *Information concerning the Bonds has been furnished to The Depository Trust Company, New York, New York ("DTC"). It is expected that the Bonds will initially be registered in the name of DTC's nominee, CEDE & Co., New York, New York. (See "Book-Entry Only System" herein.)*



The date of this Official Statement is May 8, 2012

\$3,365,000

THE SCHOOL DISTRICT OF THE CITY OF MONESSEN

(Westmoreland County, Pennsylvania)

\$1,575,000 GENERAL OBLIGATION NOTES, REFUNDING SERIES A OF 2012

\$1,790,000 GENERAL OBLIGATION BONDS, REFUNDING SERIES B OF 2012

INITIALLY DATED: Date of Delivery
PRINCIPAL DUE: June 1, as shown below

INTEREST PAYABLE: June 1 and December 1
FIRST INTEREST PAYMENT DATE: December 1, 2012

BOND MATURITY SCHEDULE – SERIES A NOTES

Year (June 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>⁽¹⁾
2017 ⁽²⁾	\$55,000	1.500%	1.650%	99.289%
2022 ⁽²⁾	95,000	2.625	2.750	98.917
2027 ⁽²⁾	235,000	3.250	3.350	98.830
2028	1,190,000	3.250	3.400	98.163

(1) Based on expected settlement date of June 18, 2012.

(2) Term Note.

BOND MATURITY SCHEDULE – SERIES B BONDS

Year (June 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>⁽¹⁾
2018 ⁽²⁾	\$40,000	1.750%	1.900%	99.159%
2021 ⁽²⁾	60,000	2.500	2.600	99.205
2025 ⁽²⁾	100,000	3.000	3.150	98.413
2026	780,000	3.125	3.250	98.605
2027	810,000	3.250	3.350	98.830

(1) Based on expected settlement date of June 18, 2012.

(2) Term Bond.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. No person is authorized to detach this **SUMMARY STATEMENT** from this Official Statement or otherwise use it without the entire Official Statement.

Issuer	The School District of the City of Monessen, Westmoreland County, Pennsylvania.
The Bonds	\$1,575,000 principal amount, General Obligation Notes, Refunding Series A of 2012 (the "Series A Notes") and \$1,790,000 principal amount, General Obligation Bonds, Refunding Series B of 2012 (the "Series B Bonds," and together with the Series A Notes, the "Bonds"). The Bonds are initially dated as of the date of delivery, and will mature as shown in the BOND MATURITY SCHEDULE shown on the inside of the Cover Page of this Official Statement. Interest on the Bonds will begin to accrue on the date of delivery and is payable each June 1 and December 1 thereafter, commencing December 1, 2012. (See " THE BONDS " herein.)
Redemption Provisions	The Bonds are subject to optional and mandatory redemption prior to their stated maturity dates, as provided herein. (See " REDEMPTION OF BONDS " herein.)
Form of Bonds	Book-Entry-Only.
Application of Proceeds	The proceeds to be derived by the School District from the issuance and sale of the Series A Notes will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series A of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series A Notes. The proceeds to be derived by the School District from the issuance and sale of the Series B Bonds will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series B of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series B Bonds. (See " PURPOSE OF THE BOND ISSUE, " " SOURCES AND USES OF FUNDS, " " DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT - Future Financing, " and " SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS ", herein.)
Security for the Bonds	The Bonds are general obligations of the School District, for the payment of which the School District has irrevocably pledged its full faith, credit and available taxing power. (See " INTRODUCTORY STATEMENT " and " The Taxpayer Relief Act (Act 1), As Amended " herein.)
Credit Enhancement	The scheduled payment of principal of and the interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (See " BOND INSURANCE " herein.)
Bond Rating	The Bonds have received a credit rating of "AA-" (stable outlook) from Standard & Poor's, New York, New York with the understanding that the above described municipal bond insurance policy will be issued at the time of settlement of the Bonds. The Bonds have received an enhanced rating of "A" from Standard & Poor's, based on Pennsylvania Act 150. The Bonds have also received an underlying rating of "A-" (stable outlook) from Standard & Poor's. (See " SECURITY FOR THE BONDS - Additional Security – Commonwealth Assistance and Section 633 of the School Code " and " BOND RATINGS " herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " CONTINUING DISCLOSURE UNDERTAKING " herein.)

THE SCHOOL DISTRICT OF THE CITY OF MONESSEN

(Westmoreland County, Pennsylvania)

1275 Rostraver Street

Monessen, Pennsylvania 15062

Telephone: (724) 684-3600

BOARD OF SCHOOL DIRECTORS

Cheryl C. Galilei	President
Brett A. Lepresti	Vice President
Donna Fantuzzi	Secretary/PSBA Liaison
Maria C. Scuteri	Treasurer
Amy Bukowski	Member
Kimberly Egidi	Member
Lee Johnson	Member
Sharon Mauck	Member
Cindy Pawelec	Member

SCHOOL ADMINISTRATION

Linda Marcolini	Superintendent
Linda Powell	Business Manager

SOLICITOR

John S. Toohey, Esquire
Mount Pleasant, Pennsylvania

BOND COUNSEL

Dinsmore & Shohl LLP
Pittsburgh, Pennsylvania

**PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR,
AND SINKING FUND DEPOSITORY**

Wells Fargo Bank, N.A.
Philadelphia, Pennsylvania

MANAGING UNDERWRITER

PNC Capital Markets LLC
Pittsburgh, Pennsylvania

No dealer, broker or any other person has been authorized by the School District to give any information or make any representation, other than those contained in this Official Statement, and if given or made, such other information and representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable, but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. No representation is made by PNC Capital Markets LLC as the Managing Underwriter (the "Managing Underwriter"), as to the accuracy or completeness of the information obtained from either the School District or from sources other than 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.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE MANAGING UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The School District has previously provided the Underwriter with a copy of its Preliminary Official Statement dated May 4, 2012; the Preliminary Official Statement was "deemed final" for the purposes of SEC Rule 15c2-12(b)(1). The School District deems this Official Statement to be final for the purpose of SEC Rule 15c2-12(b)(3).

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This Table of Contents 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 set forth herein.

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OFFICIAL STATEMENT

\$3,365,000

THE SCHOOL DISTRICT OF THE CITY OF MONESSEN

(Westmoreland County, Pennsylvania)

\$1,575,000 GENERAL OBLIGATION NOTES, REFUNDING SERIES A OF 2012

\$1,790,000 GENERAL OBLIGATION BONDS, REFUNDING SERIES B OF 2012

INTRODUCTORY STATEMENT

This Official Statement, including the Cover Page hereof and the Appendices hereto, is furnished in connection with the offering by the School District of \$1,575,000 aggregate principal amount, of its General Obligation Notes, Refunding Series of 2012 (the "Series A Notes") and \$1,790,000 aggregate principal amount, of its General Obligation Bonds, Refunding Series B of 2012 (the "Series B Bonds," and together with the Series A Notes, the "Bonds"). The Bonds are authorized to be issued pursuant to the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, and are described in, and are being issued pursuant to the provisions of, a Resolution of the Board of School Directors of the School District duly adopted on May 8, 2012 (the "Resolution").

The approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Commonwealth") for the School District to issue and deliver the Bonds will have been duly given pursuant to the Act; all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds or in the creation of the debt of which any Bond is evidence, exist, will have happened, and will have been performed in regular and due form and manner as required by law; the Bonds, together with all other indebtedness of the School District, will be within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; and the School District will have established with Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, or its designee, as the paying agent, transfer agent, bond registrar, and sinking fund depository for the Bonds, a Sinking Fund for the Bonds, as defined herein, and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable. (See "**THE BONDS - Paying Agent, Transfer Agent, Bond Registrar, and Sinking Fund Depository**" and "**THE PAYING AGENT**" herein.)

The Bonds, as General Obligation Bonds of the School District, are secured, for the prompt payment when due of the principal of, redemption premium, if any, and the interest on the Bonds, by a pledge of the full faith, credit, and taxing power of the School District. (See "**SECURITY FOR THE BONDS**" and "**RECENT LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS**" herein.) The Pennsylvania Public School Code of 1949, as amended (the "School Code"), presently provides for withholding and direct application of subsidies from the Commonwealth to a school district in the event of a failure by the school district to pay when due the principal of and the interest on its bonded indebtedness. (See "**SECURITY FOR THE BONDS - Commonwealth Aid to School Districts**" herein.)

THE BONDS

The Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will be initially dated as of the date of delivery and will bear interest on the unpaid principal at the rate and mature in the amount and on the date set forth on the inside cover page of this Official Statement. While the Bonds are in the Book-Entry-Only System, references to the "Owner" or the "Registered Bond Owner" as described herein are to Cede & Co., as nominee of DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. (See "**Book-Entry-Only System**" herein.)

Interest on the Bonds shall be computed on the basis of a 30-day month and 360-day year and shall be payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2012 (the "Interest Payment Dates"). If an Interest Payment Date occurs on a day which is not a Business Day (a "Business Day" is any day other than a Saturday, Sunday, legal holiday or a day on which financial institutions in the Commonwealth of Pennsylvania are authorized by law to be closed) the interest on and principal of the Bonds coming due on such Interest Payment Date shall be payable on the next succeeding Business Day without any additional accrual of interest.

Each Bond will be dated as of its date of authentication and will bear interest from the immediately preceding Interest Payment Date to which interest has been paid, unless: (i) such bond is authenticated on an Interest Payment Date to which interest has been paid, in which case it shall bear interest from such Interest Payment Date; or (ii) such Bond is authenticated on or prior to the first Regular Record Date (hereinafter defined) after the issue date, in which event it shall bear interest from the dated date; or (iii) such Bond is authenticated after a Regular Record Date and before the next succeeding Interest Payment Date on which interest is in fact paid, in which case such Bond will bear interest from such next succeeding Interest Payment Date.

So long as the Bonds or any portion thereof are registered in the name of DTC or its nominee, payments thereon shall be made to DTC or its nominee. (See “**Book-Entry-Only System**” herein.) At all other times, the principal of and interest on the Bonds shall be payable at the designated office of Wells Fargo Bank, N.A., as Paying Agent (the “Paying Agent”), in such coin or currency of the United States of America as at the time and place of payment is legal tender for public and private debts, provided that interest may be paid by check drawn upon the Paying Agent and mailed to the persons in whose names the Bonds are registered at the close of business on the fifteenth day of the month immediately preceding the relevant Interest Payment Date (the “Regular Record Date”) at the addresses shown on the registration records for the Bonds (the “Bond Register”) kept by the Paying Agent. Persons designated in the Bond Register as owning Bonds are hereinafter referred to as “Registered Bond Owners”.

Notwithstanding the foregoing, if and to the extent there shall be a default in the payment of interest due on an Interest Payment Date, such defaulted interest shall be paid on a special payment date to the Registered Bond Owners in whose names the Bonds are registered at the close of business on a special record date (the “Special Record Date”) and together with the Regular Record Date, the “Record Date”) established by notice mailed to the Registered Bond Owners not less than ten (10) days prior to such special payment date.

Registration, Transfer and Exchange of Bonds

The Paying Agent is responsible for maintaining the books of the School District pertaining to the registration of ownership of each Bond. The ownership of Bonds may be transferred upon the registration books upon delivery to the Paying Agent or its designee, of a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Paying Agent or its designee, duly executed by the registered holder of the Bonds to be transferred or his duly authorized attorney-in-fact or legal representative, subject to such reasonable regulations as the School District or the Paying Agent or its designee may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. No transfer of any Bond will be effective until entered on the registration books.

Neither the School District nor the Paying Agent or its designee shall be required (a) to register the transfer of or to exchange any Bonds then considered for redemption, during a period beginning at the close of business on the fifteenth day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed, (b) to register the transfer of or to exchange any portion of any Bond selected for redemption in whole or in part until after the redemption date, or (c) to register the transfer of or to exchange any Bond during the period beginning at the close of business on the fifteenth day preceding the date of maturity on the Bond and ending at the close of business on the date of maturity.

Book-Entry-Only System

The information set forth below concerning the Depository Trust Company (“DTC”) and the book-entry only system has been extracted from materials provided by DTC for such purpose. No representation is made by the School District or the Managing Underwriter as to the accuracy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC 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 rating of: AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 School District 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 such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School District or Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 nor its nominee, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption proceeds and payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or 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 the Direct and Indirect Participants.

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

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Bond certificates will be printed and delivered to DTC.

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

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

Discontinuance of Book-Entry-Only System

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the School District determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the School District appoints a successor securities depository), Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the School

District, or the Paying Agent for the accuracy of such designation. Whenever DTC requests the School District or the Paying Agent to do so, the School District or the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

**Paying Agent, Transfer Agent, Bond Registrar
and Sinking Fund Depository**

The obligations and duties of the Paying Agent are described in the Resolution and the Act, and the Paying Agent has undertaken only those obligations and duties which are expressly set out in the Resolution or required by the Act. The Paying Agent has not independently passed upon the validity of the Bonds, the security therefor, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Bonds. The Paying Agent is not required to take notice or be deemed to have notice of any default under the Resolution, except for failure by the School District to make or cause to be made any of the payments required to be made for the principal of the Bonds when due at maturity or earlier redemption, or the interest thereon. (See “**THE PAYING AGENT**” herein.) The Paying Agent may designate an agent for purposes of exercising the duties and functions described herein and in the Resolution.

Sinking Fund

The Resolution provides for the creation of a Sinking Fund for the Bonds (the “Sinking Fund”) which will be held by the Paying Agent as a separate fund segregated from all other funds of the School District. The School District shall deposit into such Sinking Fund not later than the date when interest or principal is to become due on the Bonds, amounts sufficient to pay the principal and interest then due on such Bonds.

Money held in the Sinking Fund shall be maintained by the Paying Agent or its designee and may be invested in securities or deposits as authorized by law, upon direction of the School District. Such deposits and securities shall be in the name of the School District and shall be subject to withdrawal or collection by the Paying Agent or its designee only to pay debt service on the Bonds, and such deposits and securities, together with the interest earned thereon, shall be part of such 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.

Mutilated, Lost, Stolen, or Destroyed Bonds

If any Bond is mutilated, lost, stolen, or destroyed, the School District may execute, and the Paying Agent or its designee may authenticate, subject to the provisions of the Act, a new Bond of the same date, maturity, denomination, and interest rate. In connection with replacing mutilated, lost, stolen, or destroyed Bonds, the School District and the Paying Agent or its designee may require satisfactory indemnification and may charge the owners of such Bonds reasonable fees and expenses.

REDEMPTION OF BONDS

Notice of Redemption

As provided more fully in the Resolution and in the form of the Bonds, notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, no less than 30 nor more than 60 days prior to the redemption date to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the School District shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

Manner of Redemption

Portions of any Bond of a denomination larger than \$5,000 may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. For the purpose of redemption, each Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. Upon surrender of any Bond for redemption of a portion only, the Paying Agent shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, maturity date and interest rate, in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Mandatory Redemption

Series A Notes

The Series A Notes stated to mature on June 1, 2017, June 1, 2022 and on June 1, 2027 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on June 1 of the years and in the amounts set forth below:

The Series A Notes Stated to Mature on June 1, 2017		The Series A Notes Stated to Mature on June 1, 2022	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2014	\$5,000	2018	\$15,000
2015	15,000	2019	20,000
2016	20,000	2020	20,000
2017	15,000 ⁽¹⁾	2021	20,000
		2022	20,000 ⁽¹⁾

(1) At maturity.

The Series A Notes Stated to Mature on June 1, 2027	
<u>Year</u>	<u>Principal Amount</u>
2023	\$25,000
2024	25,000
2025	15,000
2026	20,000
2027	150,000 ⁽¹⁾

(1) At maturity.

Series B Bonds

The Series B Bonds stated to mature on June 1, 2018, June 1, 2021 and on June 1, 2025 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on June 1 of the years and in the amounts set forth below:

The Series B Bonds Stated to Mature on June 1, 2018		The Series B Bonds Stated to Mature on June 1, 2021	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2017	\$20,000	2019	\$20,000
2018	20,000 ⁽¹⁾	2020	20,000
		2021	20,000 ⁽¹⁾

(1) At maturity.

The Series B Bonds Stated to Mature on June 1, 2025	
<u>Year</u>	<u>Principal Amount</u>
2022	\$25,000
2023	25,000
2024	25,000
2025	25,000 ⁽¹⁾

(1) At maturity.

Optional Redemption

Series A Notes

The Series A Notes stated to mature after June 1, 2017 are subject to redemption prior to maturity at the option of the School District in any order of maturities either as a whole, or in part, at any time on or after June 1, 2017, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

The Series B Bonds stated to mature after June 1, 2017 are subject to redemption prior to maturity at the option of the School District in any order of maturities either as a whole, or in part, at any time on or after June 1, 2017, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

SECURITY FOR THE BONDS

General

The School District has covenanted that it will provide in its budget for each year, and will appropriate from its 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, or any other of its available revenues or funds, the principal of, and the interest on the Bonds, as and when due, at the dates and places and in the manner stated on the Bonds. For such budgeting, appropriation, and payment, the School District has irrevocably pledged its full faith, credit and all available taxing power. Such pledge is specifically enforceable but is subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally as well as the limitations provided in Act 1 (as hereinafter defined) (See “**RECENT LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS, The Taxpayer Relief Act (Act 1), as Amended**”.) Additionally, the School Code presently provides for withholding and direct application of Commonwealth subsidies in the event of the failure of a school district to pay debt service on its bonded indebtedness. (See “**Commonwealth Aid to School Districts**” herein.)

No recourse shall be had for the payment of the principal of or the interest on any Bond, or for any claim based thereon or in the Resolution against any member of the Board of School Directors, or any officer or employee of the School District, past, present, or future or of any successor body, as such, either directly or through the School District or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members of the Board of School Directors, officers, or employees is released as a condition of and as consideration for the issuance of the Bonds.

Bondholder Rights and Remedies

The remedies available to holders of the Bonds upon any failure to pay the principal of, and the interest on the Bonds, when due, include those prescribed by the Act. If such failure should continue for a period of time in excess of thirty days, any holder of the Bonds will, subject to certain priorities, have the right to bring suit for the amount due in the Court of Common Pleas of Westmoreland County, Pennsylvania. The Act provides that, if the School District defaults in the payment of the principal of, and the interest on the Bonds, and such default continues for a period of time in excess of thirty days, or if the School District fails to comply with any provision of either the Bonds or the Resolution, then the holders of 25% in aggregate principal amount of the Bonds may appoint a trustee to represent the holders of the Bonds.

Such trustee may, and upon written request of the holders of 25% in aggregate principal amount of the Bonds and being furnished with satisfactory indemnity, must take one or more of the following actions, which will preclude similar action by individual holders: (i) bring suit to enforce all rights of the holders, (ii) bring suit on the Bonds, (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all taxable real estate and other property subject to ad valorem taxation in the School District (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes), and (iv) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders, all as set forth more fully in the Act.

Enforcement of a claim for payment of the principal of, premium, if any or the interest on the Bonds may be subject to the provisions of the federal bankruptcy laws and to the provisions of other statutory laws enacted by the Congress or the General Assembly of the Commonwealth, or common law developed by competent courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

Commonwealth Aid To School Districts

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

The two major programs that constitute such State aid for the School District are the instructional subsidy and the rental and sinking fund reimbursement.

The instructional subsidy received by a school district is based, in part, upon the school district's Market Value/Income Aid Ratio (the “MVAR”) as such term is defined in the School Code. The MVAR is a function of both the ratio of the per pupil market value of real estate in the school district to such per pupil market value in the Commonwealth and the ratio of the per pupil income of the school district to the per pupil personal income in the Commonwealth. The School District's MVAR for FY12 is 0.7826.

Rental and sinking fund reimbursement from the Commonwealth for school projects is determined by the “Reimbursable Percentage” assigned to the school building project and by the school district’s MVAR or Capital Account’s Reimbursable Fraction (the “CARF”), whichever is higher. Most school building projects in the Commonwealth are eligible for state reimbursement. Certain school building projects, such as school administration buildings, swimming pools and tracks are ineligible for reimbursement. A reimbursement percentage, based upon the rated pupil capacity of the new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the school district MVAR or CARF, whichever is higher, determines the state share of the annual lease rental or debt service for that school year.

The difference between the State share and 100% yields the local share of debt service or lease rental payments. As the school district’s MVAR may change each year, so will the State share of such reimbursement.

The amount of Commonwealth aid to the School District in the future may change in the event amendments are made to State aid formulas or if changes occur in local conditions which may affect the level of State aid under current formulas.

Section 633 of the School Code, as amended, 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 on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date, or on any sinking fund deposit date, in accordance with the schedule under which the bonds are issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth 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, or sinking fund deposit due 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 (“Pennsylvania Act 150 School District Intercept Program”). 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 that any payments made pursuant to this withholding provision will be made by the date on which such payments are due to Bondholders, and the effectiveness of the withholding provisions of the Pennsylvania Act 150 School District Intercept Program may be limited by the application of other withholding provisions contained in the School Code. These provisions may apply to withholding and paying over appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the rights of creditors.

For information regarding certain limitations placed on the taxing power of school districts in the Commonwealth of Pennsylvania, see “**RECENT LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS**” herein.

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. (“Holdings”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM’s financial strength is rated “AA-” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (on review for possible downgrade) by Moody’s Investors Service, Inc. (“Moody’s”). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Capitalization of AGM

At December 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,107,919,136 and its total net unearned premium reserve was approximately \$2,171,861,791, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the SEC on February 29, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

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

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

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

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payment. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium. To the extent that any payment of principal and interest by the School District in connection with a mandatory or optional prepayment of the Bonds is recovered by the School District from any owner of the Bonds as a

voidable preference under applicable bankruptcy law, such payments are covered by the Policy. However, such payments will be made by the Insurer at such times and in such amounts as such payments would have been due had there been no such prepayment by the School District, unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Insurer without its consent. The Insurer may direct, and must consent to, any remedies that the Paying Agent exercises following such a default and the Insurer's consent may be required in connection with amendments to the Resolution in those circumstances.

In the event that the Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Paying Agent pursuant to the Resolution. In the event that the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Insurer and, therefore, the ratings on the Bonds insured will not be subject to downgrade, and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "**RATINGS**" herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and, upon an event of default by the Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Insurer.

Neither the School District, the Managing Underwriter has made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the School District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of their investment. See "**Bond Insurance**" herein for further information provided by the Insurer with respect to itself and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

PURPOSE OF THE BOND ISSUE

The proceeds to be derived by the School District from the issuance and sale of the Series A Notes will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series A of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series A Notes. The proceeds to be derived by the School District from the issuance and sale of the Series B Bonds will be used to provide the School District with the funds required to refund, on a current refunding basis, the School District's General Obligation Bonds, Series B of 2007 and to pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Series B Bonds. (See "**PURPOSE OF THE BOND ISSUE**," "**SOURCES AND USES OF FUNDS**," "**DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT - Future Financing**," and "**SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS**", herein.)

THE REFUNDING PROGRAM

The School District has determined that it is economically beneficial to refund, on a current refunding basis, its General Obligation Bonds, Series A of 2007 (the "2007A Bonds"), which are outstanding in the par amount of \$1,470,000. The plan of finance is described below.

The net proceeds to be derived from the sale of the Series A Notes will be deposited into a 2007A Bonds sinking fund account with Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, the paying agent and sinking fund depository for the 2007A Bonds, and will provide the School District with sufficient monies to pay and/or redeem, at 100% of the principal amount thereof, as applicable, together with interest accrued thereon, on September 15, 2012, the principal amount of 2007A Bonds then outstanding.

The School District has also determined that it is economically beneficial to refund, on a current refunding basis, its General Obligation Bonds, Series B of 2007 (the "2007B Bonds"), which are outstanding in the par amount of \$1,675,000. The plan of finance is described below.

The net proceeds to be derived from the sale of the Bonds will be deposited into a 2007B Bonds sinking fund account with Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, the paying agent and sinking fund depository for the 2007B Bonds, and will provide the School District with sufficient monies to pay and/or redeem, at 100% of the principal amount thereof, as applicable, together with interest accrued thereon, on September 15, 2012, the principal amount of 2007B Bonds then outstanding.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds shall be applied substantially in the following manner:

<u>Sources of Funds</u>	<u>Series A Notes</u>	<u>Series B Bonds</u>
Par Amount of Bonds	\$1,575,000.00	\$1,790,000.00
Net Original Issue Premium/Discount ⁽¹⁾	(26,029.70)	<u>(22,758.40)</u>
<u>TOTAL SOURCES</u>	<u>\$1,548,970.30</u>	<u>\$1,767,241.60</u>
<u>Uses of Funds</u>		
Series 2007A Bonds Sinking Fund Deposit	\$1,499,588.00	\$0.00
Series 2007B Bonds Sinking Fund Deposit	0.00	1,711,810.00
Costs of Issuance ⁽²⁾	48,495.04	54,821.53
Miscellaneous	<u>887.26</u>	<u>610.07</u>
<u>TOTAL USES</u>	<u>\$1,548,970.30</u>	<u>\$1,767,241.60</u>

(1) See “Original Issue Discount” under “TAX MATTERS” herein.

(2) Consisting of legal, paying agent, printing, rating fee, insurance premium, bond discount and miscellaneous expenses.

THE SCHOOL DISTRICT OF THE CITY OF MONESSEN
(Westmoreland County, Pennsylvania)

Description

The School District is located wholly within Westmoreland County in southwestern Pennsylvania. It is coterminous with the City of Monessen. The School District is a school district of the third class (school districts within the Commonwealth of Pennsylvania are classified as first, second, third or fourth class according to population) and operates under and pursuant to the Public School Code of 1949 of the Commonwealth of Pennsylvania, Act of March 10, 1949, P.L. 30, as amended.

The School District encompasses a land area of approximately 2.9 square miles, serving a U.S. Census population (2010 Census) of approximately 7,720.

Organization and Central Administration

The School District is governed by a nine-member Board of School Directors (the “School Board”), comprised of residents of the School District who are elected on a staggered basis for four-year terms of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who serves as the chief educational officer of the School District.

SOURCE: School District Administrative Officials.

School Building Facilities

The following table depicts the component element of the existing physical plant of the School District.

	<u>Original Construction</u>	<u>Most Recent Addition or Renovation</u>	<u>Grades</u>	<u>Pupil Capacity</u>	<u>2011-12 Enrollment</u>
<u>Elementary:</u>					
Elementary Center	1932	1982	K-5	600	431
<u>Secondary:</u>					
Middle School	1996	--	6-8	400	190
High School	1996	--	9-12	400	278

SOURCE: School District Administrative Officials.

Employment and Employee Relations

There are presently 117 full time employees of the School District, including 83 teachers, 12 administrators and 22 support personnel, including secretaries, maintenance staff and teacher aides.

The School District's teachers are represented by the Monessen City Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association ("PSEA"), under a contract with the School District, which expires on June 30, 2013. The School District's support services employees are represented by the AFL-CIO Local 769 under a contract that expires on June 30, 2013.

Pension Program

School districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement Board (the "Retirement Board"). All of the School District 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 are required to participate in the program.

Beginning July 1, 1976, certain revisions were made in the pension program. The Retirement Board, previously under the Department of Education of the Commonwealth, became an independent agency. However, the program is still guaranteed by the Commonwealth. Currently, each party to the program contributes a fixed percentage of the employee's salary. Employees belonging to the Public School Employees Retirement System ("PSERS") prior to July 22, 1983 contribute 5.25% of their salary, and employees who joined the PSERS on or after July 22, 1983 contribute 6.25% of their salary. On February 17, 2002, former Governor Ridge signed Act 9 which created a new membership class that sets the employee contribution rate at 7.50% of the employee's salary for those employees hired on or after July 1, 2001. Act 9 also provides an option for those employees hired prior to July 1, 2001 to elect a contribution rate of 6.50%, if they were hired before July 22, 1983, or 7.50% if they were hired on or after July 22, 1983. Act 120 of 2010 was passed by the General Assembly on August 1 and signed by former Governor Rendell on November 23, 2010. The benefit reductions contained in this legislation will only impact individuals who become new members of PSERS on or after July 1, 2011. New members will have the option of selecting one of 2 new classes. The members selecting class T-E will contribute a base rate of 7.5% with "shared risk" contribution levels between 7.5% and 9.5% and a pension multiplier of 2.0%. Members selecting class T-F will contribute a base rate of 10.3% with shared risk contribution levels between 10.3% and 12.3% and a pension multiplier of 2.5%. The PSERS Board certified the employer rate, to be paid by the School District, of 8.22% for the 2010-11 fiscal year (in accordance with Senate Bill 1042 enacted on July 6, 2010, this rate was recertified at 5.64% for 2010-11 fiscal year). The PSERS Board certified a new employer rate, to be paid by the School District, of 8.65% for the 2011-12 fiscal year. The proposed rate for the 2012-13 fiscal year is 12.36%. According to Act 120 of 2010, the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast. The rate caps limit the amount the pension component of the employer contribution rate can increase over the prior year's rate as follows: FY 2011-12 – not more than 3.0% plus the premium assistance contribution rate; FY 2012-13 – not more than 3.5% plus the premium assistance contribution rates; and FY 2013-15 – not more than 4.5% plus the premium assistance contribution rate and thereafter at not more than 4.5%. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District pension contributions to PSERS have been as follows:

2007-2008 -----	\$834,630
2008-2009 -----	\$867,477
2009-2010 -----	\$872,511
2010-2011 -----	\$1,083,399
2011-2012 (Budgeted) -----	\$570,000

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 the Government Accounting Standards Board's Statement No. 25 and Statement No. 26. PSERS' total plan net assets increased by \$2.6 billion from \$43.2 billion at June 30, 2009 to \$45.8 billion at June 30, 2010. 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 2010 fiscal year of PSERS, total plan net assets from June 30, 2008 to June 30, 2009 fell in the amount of \$19.5 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.

SOURCE: School District Administrative Officials.

Other Post-Employment Benefits

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as "other post-employment benefits" or "OPEB"). The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal years ended June 30, 2009 and 2010, the School District's OPEB cost was approximately \$42,052 and \$226,052.

For a full description of the School District's OPEB plan, please contact the School District for a copy of the 2010-11 Audit Report.

FINANCIAL SUMMARIES

Annual Budget Development

Section 687 of the School Code requires the Board of School Directors of the School District to adopt an annual budget. Said budget must be prepared in accordance with generally accepted accounting principles (“GAAP”). The School District’s administrative staff estimates all expected revenues and expenditures for the School District. The Pennsylvania Department of Education assists school districts in their estimates for all Commonwealth subsidies expected to be received by providing estimates of both the median local school district tax effort in equalized mills and the median school district institutional expenditures per weighted average daily membership. Such data can be used to help establish reasonable estimates of the amount of Commonwealth revenues for which the School District may qualify. After the budget is prepared, it must be made available for public inspection. The Board of School Directors must adopt the budget before the beginning of each fiscal year (July 1), and then levy the taxes necessary to provide for the revenues budgeted.

Basis of Presentation - Fund Accounting

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major fund types and the specific funds which are included within each of these major fund types are as follows: Governmental (General, Capital Projects and Special Revenue Fund); Proprietary (Food Service Fund); and Fiduciary (Agency Funds). In addition to the major fund types, two Account Groups are maintained for the purpose of measuring financial position and are **not** involved with the measurement of results of operations. These two Account Groups include General Fixed Assets and General Long-Term Debt.

Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds of the School District. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. The Proprietary Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned and expenses are recognized when they are incurred.

The firm of Sarp & Company of Greensburg, Pennsylvania, serves as the School District’s auditor.

Investment Policy

The School Code authorizes the School District to invest in U.S. Treasury bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, deposits in savings accounts, or time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; and certain mutual funds.

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THE SCHOOL DISTRICT OF THE CITY OF MONESSEN
SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES
For Fiscal Years Ending June 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue					
Local Sources	\$5,122,401	\$4,624,365	\$4,438,245	\$4,579,637	\$4,850,853
State Sources	7,021,909	7,941,618	8,761,052	8,265,726	7,992,843
Federal Sources	<u>728,765</u>	<u>743,322</u>	<u>654,417</u>	<u>1,777,592</u>	<u>1,965,741</u>
TOTAL REVENUE	<u>\$12,873,075</u>	<u>\$13,309,305</u>	<u>\$13,853,714</u>	<u>\$14,622,955</u>	<u>\$14,809,437</u>
Expenditures					
Current:					
Instruction	\$7,238,498	\$7,739,491	\$8,421,021	\$9,064,846	\$9,518,935
Support Services	3,803,873	3,904,578	4,100,915	4,379,528	4,617,721
Operation of noninstructional services	85,084	104,493	117,996	108,948	377,506
Capital outlay	14,067	3,210	2,215	535,012	56,180
Debt Service	1,178,926	1,148,962	1,258,843	1,105,497	1,199,922
Refund of prior year receipts	--	--	47	193	241,582
Short term borrowing - interest and costs	--	--	--	<u>2,754</u>	--
TOTAL EXPENDITURES	<u>\$12,320,448</u>	<u>\$12,900,734</u>	<u>\$13,901,037</u>	<u>\$15,196,778</u>	<u>\$16,011,846</u>
Excess of Revenues (Under) Expenditures Before Other Financing Sources and Uses	<u>\$552,627</u>	<u>\$408,571</u>	<u>(47,323)</u>	<u>(573,823)</u>	<u>(1,202,409)</u>
Other Financing Sources and (Uses):					
Operating Transfers In	0	0	0	80,000	6,168
Operating Transfers Out	(247,792)	(375,950)	(472,271)	(234,165)	0
Refund of Prior Years' Revenue	<u>(94,432)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(342,224)</u>	<u>(375,950)</u>	<u>(472,271)</u>	<u>(154,165)</u>	<u>6,168</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	210,403	32,621	(519,594)	(727,988)	(1,208,577)
Fund Balance – Beginning of Year	\$2,538,294	\$2,414,776	\$2,447,398	\$1,876,218	\$1,374,282
Prior period adjustment	<u>(333,921)</u>	<u>0</u>	<u>(51,586)</u>	<u>226,052</u>	<u>1</u>
Fund Balance – End of Year	\$2,414,776	\$2,447,397	\$1,876,218	\$1,374,282	\$178,040

SOURCE: School District Annual Financial Reports, Pennsylvania Department of Education Form 2057 and School District Officials.

DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT

Borrowing Capacity

The borrowing capacity of the School District is calculated in accordance with provisions of the Act, which describes the applicable debt limits for local government units, including school districts and municipalities. Under the Act, the School District may incur electoral debt, which is debt approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and other forms of agreement evidencing the acquisition of a capital asset) incurred on behalf of the School District may not exceed 225% of the School District's "Borrowing Base". The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Act), less any deductions or exceptions (as specified in the Act), for the three full fiscal years next preceding the date of incurring debt.

The current Borrowing Base of the School District is shown herein, and the current schedule of existing electoral, nonelectoral and lease rental debt is shown herein under the heading "Schedule of Existing Indebtedness". The following section "Remaining Borrowing Capacity (Under the Local Government Unit Debt Act)" reflects the resulting maximum levels of nonelectoral and lease rental debt which the School District will be permitted to incur after the issuance and sale of the Bonds.

Borrowing Base Calculation

Total Revenues for 2008-09.....	\$13,594,325
Total Revenues for 2009-10.....	\$14,374,642
Total Revenues for 2009-10.....	\$13,804,902
Total Revenues for Three Years	\$41,773,869
Borrowing Base-Average Total Revenues for Three Year Period	\$13,924,623

Remaining Borrowing Capacity (Under the Local Government Unit Debt Act)

Debt Limit – 225% of Borrowing Base	\$31,330,402
Less: Outstanding Net Lease Rental Debt and Net Non-Electoral Debt	\$12,528,194
Current Borrowing Capacity	\$18,802,208

Coverage of Future Debt Service Requirements by State Appropriations

2011-12 Anticipated Commonwealth Appropriations	\$8,205,322
2011-12 Estimated Debt Service Requirements	\$1,197,493
Coverage Ratio	6.9X

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

General

The School District is empowered to impose the following taxes under the School Code:

1. An annual tax on all taxable real estate, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An annual tax on all taxable real estate to provide for the payment of:
 - (a) Salaries and increments of the teaching and supervisory staff;
 - (b) Rentals due any municipal authority, non-profit corporation or 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) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident over eighteen years of age of not more than \$5.00.

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations.

These taxes are also subject to apportionment between overlapping municipalities and the School District where such municipalities exercise the right of such apportionment.

The foregoing is subject to, and qualified in all regards by, the provisions of **The Taxpayer Relief Act ("Act 1")**, as amended, as described in **"RECENT LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS"**.

Tax Levy Trends

The following table shows the recent trend of tax rates levied by the School District.

<u>Year</u>	<u>Real Estate Tax</u>	<u>Earned Income</u>	<u>Real Estate Transfer</u>	<u>Local Services Tax (LST)</u>
2007-08	60.20 mills	0.5%	0.5%	\$5.00
2008-09	62.20 mills	0.5%	0.5%	\$5.00
2009-10	62.20 mills	0.5%	0.5%	\$5.00
2010-11	65.20 mills	0.5%	0.5%	\$5.00
2011-12	66.50 mills	0.5%	0.5%	\$5.00

SOURCE: Pennsylvania Department of Community and Economic Development – Municipal Statistics.

Current Tax Structure

	<u>Real Estate Millage</u>	<u>Earned Income</u>	<u>Real Estate Transfer</u>	<u>Mechanical Devices</u>	<u>Amusement</u>	<u>Local Services Tax</u>
School District	66.50 mills	0.5%	0.5%	--	--	\$5.00
City of Monessen	35.85 mills ⁽¹⁾	0.5%	0.5%	\$600	5.0%	\$47.00
Westmoreland County	20.99 mills	--	--	--	--	--

SOURCE: Pennsylvania Department of Community and Economic Development

(1) Consists of millage designated for debt service, library, general purposes and recreation.

Ten Largest Real Property Taxpayers

The ten largest real property taxpayers, together with their current assessed values, are shown below:

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Value</u>
Douglas School of Business	School	\$492,380
Central Westmoreland Development	Office Building	277,520
Koppers Industries, Inc.	Rail Mill	256,500
Tribune Review	Newspaper	213,140
Valley First Federal Credit Union	Bank	205,010
Rite Aid	Building, Lot	190,050
Westmoreland South LP	Townhouse Development	164,880
Monessen Apartments	Apartment Complex	140,630
Martin Dudas – Park Centre	Shopping Center	134,590
Monessen Firemen’s Relief Association	Fire House	114,000
Total		\$2,188,700

The assessed value of the top ten real estate taxpayers is equal to 3.67% of the total current assessed value of taxable property within the School District.

SOURCE: School District Administrative Officials.

Real Estate Tax Collection Procedures

The School District’s property taxes are levied based in the assessed value for all general property located in the School District. All taxes are due and payable on August 1. Annually, as of January 1, all delinquent taxes are submitted to Westmoreland County for collection.

SOURCE: Annual Financial Reports.

**RECENT LEGISLATION AFFECTING LOCAL TAXING POWERS
AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS**

The Taxpayer Relief Act (Act 1), as Amended

Pennsylvania Act No. 1 of the Special Session of 2006 (“Act 1”) was intended to provide property tax relief to Pennsylvania homeowners by limiting the taxation of real property by Pennsylvania school districts. Act 1 restricts Pennsylvania school districts from increasing the rate of any tax for school purposes above an index (the “Index”) determined by the Department of Education of the Commonwealth (the “Department”) unless the school district first obtains voter approval or the school district tax falls within one of the exceptions set forth in Act 1. The Index 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. For school districts with 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.

On June 30, 2011, Act 1 was amended so that beginning on January 1, 2012, seven (7) of the original eleven (11) exceptions were eliminated. Under the amended version of Act 1, the four (4) categories of expenses for which school districts can raise property taxes above the Index without triggering a referendum (subject, however, to approval by the Department) are as follows:

- (1) interest and principal on indebtedness incurred prior to September 4, 2004 for Act 72 schools and the refinancing of such debt, and prior to June 27, 2006 for non-Act 72 schools and the refinancing of such debt;
- (2) interest and principal on electoral debt;
- (3) special education expenses; and
- (4) state pension payments.

The increase in the rate of any tax pursuant to the above exceptions must be approved by the Pennsylvania Department of Education, and must not produce revenue in excess of the anticipated dollar amount of the expenditure for which the exception is allowed. If the Department of Education disapproves the school district’s petition or request to increase taxes pursuant to one or more of the allowable exceptions, the school district may submit a referendum question to the voters at the election immediately preceding the start of the school district fiscal year in which the proposed tax increase would take effect. If the referendum is not approved, however, the board of school directors may not approve an increase in the tax rate of more than the Index.

Payments of debt service on the Bonds described in this Official Statement are eligible for exception from the provisions of Act 1 pursuant to the first exception described above. Therefore, the debt service on the Bonds is NOT subject to the tax rate limitations of Act 1, as amended.

Act 1, as amended, does not affect the School District’s covenant under the Debt Act to budget, appropriate and pay debt service on the Bonds and all other outstanding debt of the School District.

THE SUMMARY OF ACT 1, AS AMENDED, IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OR A LEGAL REPRESENTATION THEREOF, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1, AS AMENDED, AS PART OF ANY DECISION TO PURCHASE THE BONDS.

State Law Authorizing Replacement of the School District’s Occupation Tax with an Increase in the Local Earned Income Tax

Act 24 of 2001 of the Commonwealth of Pennsylvania, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district’s occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% tax on the annual amount of residents’ wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under Act 24, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

The School District has taken no action to implement Act 24.

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 in the following table:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.2%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

THE PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "Commission"), the School District will, in a Continuing Disclosure Certificate to be executed by the School District on the date of settlement of the Bonds, agree to provide, or cause to be provided:

- (i) to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") in accordance with the Rule, certain annual information and operating data (collectively, the "Annual Information"), generally consistent with the information contained in "**APPENDIX B – OPERATING AND FINANCIAL DATA**".
- (ii) the School District's annual audited financial statements, which shall be prepared in conformity with generally accepted accounting principles consistently applied as applicable to school districts of the Commonwealth of Pennsylvania;

The annual information will be provided to the entities identified above not later December 31 of each year for the fiscal year ending the previous June 30;

- (iii) in a timely manner, not in excess of ten business days after the occurrence of the event, to the MSRB via EMMA, notice of the occurrence of any of the following events with respect to the Bonds:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to the rights of Bondholders, if material;
 - (h) Bond calls, if material, and tender offers;
 - (i) defeasances;

- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;
 - (l) bankruptcy, insolvency, receivership or similar event of the School District;
 - (m) 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; and
 - (n) change in the School District's paying agent or trustee, if material.
- (iv) in a timely manner, to the MSRB, notice of its failure to provide the Annual Information and audited financial statements with respect to itself on or before the date specified in the Disclosure Agreement.

The obligations of the School District described above will remain in effect only for such period as (i) the Bonds are outstanding in accordance with their terms, and (ii) the School District remains an obligated person with respect to the Bonds within the meaning of the Rule. The School District reserves the right to terminate its obligation to provide the Annual Information, audited financial statements, and notices of material events, as set forth above, if and when the School District is no longer 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 caption is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds).

Each Bondholder (including beneficial owners) may enforce the School District's continuing disclosure undertaking; provided that, the right to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its continuing disclosure undertaking. Any failure by the School District to comply with the provisions of the undertaking will **not** constitute a default or an event of default with respect to the Bonds.

The obligations of the School District described above may be amended without the consent of the Bondholders, to the extent permitted by the Rule, as from time to time amended.

The School District is currently in compliance with its continuing disclosure undertaking.

LEGAL MATTERS

Negotiability of the Bonds

Under the Act, the Bonds have all the qualities of negotiable instruments under the Uniform Commercial Code of the Commonwealth of Pennsylvania relating to negotiable instruments.

Regarding the Obligation for the Bonds

Neither the credit nor the taxing power of the Commonwealth of Pennsylvania or of any political subdivision thereof, other than the School District, is pledged for the interest thereon or the principal payable upon the maturity of any of the Bonds.

Pending Legal Proceedings

At closing, the President of the Board of School Directors and the Solicitor will certify that there is no litigation presently pending that would materially and adversely affect the validity of the Bonds or that questions the proceedings for the issuance thereof.

Legality

All legal matters incident to the authorization, issuance and sale of the Bonds will be approved by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by its Counsel, John S. Toohey, Esquire, Solicitor to the School District.

TAX MATTERS

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal individual or corporate alternative minimum taxes.

Original Issue Discount

The Bonds are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of the Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Interest Expense Deductions for Financial Institutions

Under Section 265 of the Code, financial institutions are denied any deduction for interest expenses that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which permits a deduction for 80% of such interest expenses, is provided in respect of certain tax-exempt obligations issued by a qualified issuer that specifically designates such obligations as "qualified tax-exempt obligations" under Section 265 of the Code.

The School District is a qualified issuer and the School District has designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code.

Financial institutions intending to purchase Bonds should consult their own tax advisors to determine the effect of the interest expense deduction on their federal tax liability.

Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, that are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see "Continuing Disclosure Undertaking" herein), the School District may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may result in other collateral effects on a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Other tax consequences for certain

taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as “qualified tax-exempt obligations”).

Change in Law; Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

Circular 230

This Official Statement contains tax advice written to assist the marketing, distribution, sale and placement of the Bonds. Whether authored by Bond Counsel, the School District, the Underwriter, counsel to any of the foregoing, or any other tax practitioner, such advice is not intended to be used, and may not be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

BOND RATINGS

Standard & Poor’s, New York, New York, has assigned its credit rating of “AA –” (stable outlook) to the Bonds, with the understanding that, upon delivery of the Bonds, a Municipal Bond Insurance Policy will be issued by Assured Guaranty Municipal Corp. Such rating reflects only the view of such organization furnishing such rating. Standard & Poor’s has also assigned an underlying credit rating of “A-” (stable outlook) to the Bonds, based upon the financial condition of the School District. Any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor’s, 55 Water Street, New York, New York 10041. There is no assurance that this credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

BOND UNDERWRITING

The Bonds have been purchased by PNC Capital Markets LLC, as the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$3,285,926.90 (which is the aggregate par amount of bonds less the aggregate bond discount of \$30,285.00 less the aggregate net original issue discount of \$48,788.10). The Bond Purchase Agreement for the Bonds provides that the Underwriter will purchase all 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 **BOND MATURITY SCHEDULE** shown on the inside of the Cover Page of this Official Statement, may be changed by the Underwriter from time to time without any requirement of prior notice. The Underwriter reserves the right 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.

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APPENDIX A

**REGIONAL AND ECONOMIC DATA OF
THE SCHOOL DISTRICT OF THE CITY OF MONESSEN
(Westmoreland County, Pennsylvania)**

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**REGIONAL AND ECONOMIC DATA OF
THE SCHOOL DISTRICT OF THE CITY OF MONESSEN
(Westmoreland County, Pennsylvania)**

Introduction

The School District of the City of Monessen, Westmoreland County, Pennsylvania (the “School District”) is coterminous with the City of Monessen, Westmoreland County, Pennsylvania (the “City”). The City is part of the Monongahela Valley region of southwestern Pennsylvania and is located along the Monongahela River in the southwestern corner of Westmoreland County, Pennsylvania (the “County”). The School District is also situated approximately 25 miles south of the City of Pittsburgh, 25 miles northwest of the City of Uniontown, 30 miles east of the City of Washington, and 25 miles southwest of the City of Greensburg, the county seat of the County. The School District encompasses a land are of approximately 2.9 square miles, serving a U.S. Census population (2010 Census) of approximately 7,720.

Major Employers

Major employers located within or near the School District are listed below:

<u>Company</u>	<u>Business/Product</u>	<u>Approximate Employment</u>
Koppers Industries, Inc.	Coke Byproducts	170
School District of the City of Monessen	Education	117
Wyatt, Inc.	Indoor/Outdoor Construction Materials	103
The Valley Independent	Newspaper	85
First Federal Savings	Bank Headquarters	83
City of Monessen	Government	63
Douglas School of Business	Business School	50

SOURCE: School District Officials

Education Facilities

Various public and private institutions for higher education lie within minutes of the School District including Westmoreland County Community College, St. Vincent College, Seton Hill College, the Pennsylvania State University (McKeesport Campus) and the University of Pittsburgh (Greensburg Campus). California University of Pennsylvania is located in nearby Washington, Pennsylvania. The Pittsburgh metropolitan area is home to several other colleges and universities.

Transportation Facilities

The County of Westmoreland has the advantage of a highly developed transportation network. The Pennsylvania Turnpike bisects the County, with three interchanges located within the County, providing direct access to Pittsburgh and the Ohio border. Interstate 70 lies within minutes of the School District. Interstate 70 includes LR 1099, which provides a link from Route 70 to the Monongahela Valley. The Monongahela Valley Expressway leads to the Pittsburgh Metropolitan Area from Morgantown, West Virginia.

Population Composition – 2000 and 2010

	<u>2000</u>	<u>2010</u>	<u>2000-2010 % Change</u>
City of Monessen	8,669	7,720	(10.95%)
Westmoreland County	369,993	365,169	(1.30%)
Pennsylvania	12,281,054	12,702,379	3.43%

SOURCE: United States Census Bureau, 2010 Census.

Population Concentration – 2010

	<u>2010</u>	<u>Square Miles (Land Only)</u>	<u>Persons Per Sq. Mile</u>
City of Monessen	7,720	2.90	2,662.1
Westmoreland County	365,169	1,025.48	356.1
Pennsylvania	12,702,379	44,819.60	283.4

SOURCE: United States Census Bureau, 2010 Census.

Per Capita Income – 2000 and 2010

	<u>2000</u>	<u>2010</u>	<u>2000-2010 % Change</u>
City of Monessen	\$16,627	\$19,816	19.18%
Westmoreland County	\$19,674	\$24,917	26.65%
Pennsylvania	\$20,880	\$26,374	26.31%

SOURCE: United States Census Bureau, American Community Survey.

Family and Household Income – 2010

	<u>Household Income Median</u>	<u>Family Income Median</u>
City of Monessen	\$28,270	\$38,520
Westmoreland County	\$46,361	\$58,644
Pennsylvania	\$49,288	\$61,890

SOURCE: United States Census Bureau, American Community Survey.

Population, Poverty and Education – 2010

	<u>Population</u>		<u>Poverty Level</u>		<u>Education 25 years and Over</u>	
	<u>Total Persons</u>	<u>Total Family Households</u>	<u>Persons Below</u>	<u>Families Below</u>	<u>High School Graduate</u>	<u>College Graduate</u>
City of Monessen	7,720	2,067	17.6%	12.2%	86.2%	15.0%
Westmoreland County	365,169	101,928	10.1%	7.4%	91.1%	24.3%
Pennsylvania	12,702,379	3,261,307	13.4%	9.3%	88.4%	27.1%

SOURCE: United States Census Bureau, 2010 Census and American Community Survey.

Housing Units - 2010

	<u>Number</u>	<u>Owner Occupied Median Value</u>	<u>Renter Occupied Median Rent</u>
City of Monessen	4,244	\$74,500	\$438
Westmoreland County	168,224	\$135,900	\$600
Pennsylvania	4,936,030	\$165,500	\$763

SOURCE: United States Census Bureau, American Community Survey.

Unemployment Rates (%)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽¹⁾
Westmoreland County	5.7%	6.2%	5.4%	4.9%	4.5%	5.3%	7.8%	8.3%	7.4%	6.9%
Pennsylvania	5.6%	5.4%	5.0%	4.5%	4.4%	5.4%	8.0%	8.5%	7.9%	7.6%
United States	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.5%	8.3%

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment.

(1) As of February, 2012.

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APPENDIX B

OPERATING AND FINANCIAL DATA

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Enrollment Data

<u>School Year Ending June 30,</u>	<u>Actual Enrollments</u>		<u>Total</u>
	<u>Elementary</u>	<u>Secondary</u>	
2008	435	537	972
2009	440	505	945
2010	455	481	936
2011	431	470	901
2012	431	468	899

<u>School Year Ending June 30,</u>	<u>Projected Enrollments</u>		<u>Total</u>
	<u>Elementary</u>	<u>Secondary</u>	
2013	435	468	903
2014	435	465	900
2015	435	465	900
2016	435	465	900
2017	435	465	900

SOURCE: School District Officials.

SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS

Shown below is a summary of the School District's outstanding debt (including issuance of the Bonds):

	<u>Gross</u>	<u>MVAR</u>	<u>Project Reimbursement</u>	<u>Local Share</u>
<u>General Obligation Debt</u>				
General Obligation Notes, Refunding Series A of 2012	\$1,575,000	0.7826	.4331	\$1,041,163
General Obligation Bonds, Refunding Series B of 2012	1,790,000	0.7826	.0000	1,770,000
General Obligation Note, Series of 2012 ⁽¹⁾	993,194	0.7826	.0000	993,194
General Obligation Bonds, Refunding Series A of 2009	6,995,000	0.7826	.0659	6,634,244
General Obligation Bonds, Refunding Series B of 2009	1,175,000	0.7826	.0000	1,175,000
General Obligation Bonds, Refunding Series A of 2007	<u>1,470,000</u>	0.7826	.4331	<u>971,752</u>
TOTAL DIRECT DEBT	\$12,528,194			\$11,633,602
City of Monessen ⁽²⁾	\$7,712,621			\$7,712,621
Westmoreland County ⁽³⁾	<u>1,173,107</u>			<u>1,173,107</u>
TOTAL OVERLAPPING DEBT	\$8,885,728			\$8,885,728
TOTAL DIRECT AND OVERLAPPING DEBT	\$21,413,922			\$20,519,330

⁽¹⁾ Secures the School District's share of the State Public School Building Authority School Building (General Obligation Secured Bonds, Series of 2012 (Mon Valley Career & Technology Center Project).

⁽²⁾ Source: Pennsylvania Department of Community and Economic Development, as of March 1, 2012. 100% Overlapping.

⁽³⁾ Source: Pennsylvania Department of Community and Economic Development. 1.53% overlapping. As of March 1, 2012, Westmoreland County had outstanding debt of \$76,483,699. The School District's share is calculated by dividing the assessed value of the municipalities that compose the School District by the assessed value of the County, and multiplying that ratio by the outstanding debt of the County.

Debt Ratio Calculations (including issuance of the Bonds)

	<u>Gross Outstanding</u>	<u>Local Share</u>
Net Direct Debt Per Capita	\$1,622.82	\$1,506.94
Net Direct Debt to Market Value	7.07%	6.56%
Net Direct and Overlapping Debt Per Capita	\$2,773.82	\$2,657.94
Net Direct and Overlapping Debt to Market Value	12.08%	11.57%
Population (2010 census)	7,720	
Current Market Value	\$177,277,687	

Future Financing

The School District does not anticipate the issuance of further long-term debt for capital projects within the next five years.

Real Estate Tax Collection Data

<u>Year</u>	<u>Market Valuation</u>	<u>Assessed Valuation</u>	<u>Millage</u>	<u>Current Levy</u>	<u>Current Collections</u>	<u>Current Collections as a % of Levy</u>	<u>Total Collections⁽¹⁾</u>	<u>Total Collections as a % of Levy</u>
2005-06	\$155,541,000	\$60,369,010	60.2	\$3,640,388	\$3,155,487	86.7%	\$3,501,897	96.2%
2006-07	\$170,499,500	\$60,259,560	60.2	\$3,627,626	\$3,144,068	86.6%	\$3,510,536	96.8%
2007-08	\$170,659,600	\$60,119,620	60.2	\$3,619,201	\$3,134,516	86.6%	\$3,449,941	95.3%
2008-09	\$176,193,300	\$59,993,510	62.2	\$3,619,201	\$3,142,539	86.8%	\$3,449,624	95.3%
2009-10	\$177,277,687	\$59,993,510	65.2	\$3,203,915	\$2,727,195	75.4%	\$3,036,757	94.8%
2010-11	\$177,277,687 ⁽²⁾	\$59,562,600	66.5	\$3,355,988	\$2,856,038	73.5%	\$3,198,076	95.3%

SOURCE: State Tax Equalization Board and School District Officials.

(1) Includes delinquents, additions and penalties, less discounts and exonerations.

(2) Estimated based on 2009-10 State Tax Equalization Board data.

Tax Anticipation Borrowing

The School District's tax and revenue borrowing history is shown in the table below.

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$0
2008	0
2009	0
2010	2,000,000 ⁽¹⁾
2011	0

(1) Borrowed but never used. The School District paid off the 2010 TRAN immediately.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to The School District of the City of Monessen (Westmoreland County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$1,575,000, aggregate principal amount, General Obligation Notes, Refunding Series A of 2012 (the "2012A Notes") and \$1,790,000 aggregate principal amount, General Obligation Bonds, Refunding Series B of 2012 (the "2012B Bonds" and together with the 2012A Notes, the "Bonds"), issued in fully registered form, dated and bearing interest from June 18, 2012, maturing on various annual dates ending June 1, 2028 and subject to redemption at the option of the Local Government Unit prior to maturity beginning on June 1, 2017.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Federal Income Tax Certificate of an authorized officer; and such other certificates, proceedings and law as we deemed necessary in order to render this opinion. Unless separately noted, we have not independently verified factual certifications made to us by the Local Government Unit, its officers and agents during the course of our engagement.

Both principal of and interest on the Bonds are payable at the principal corporate trust office of Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.
 - (a) The Bonds are issued for a valid purpose under the School Code.
 - (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

(c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amounts to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session 2006 ("Act 1"), which became effective June 27, 2006. Based on the expected use of the proceeds of the Bonds to refund indebtedness incurred after the effective date of Act 1, the pledge of ad valorem taxes to the payment of debt service on the Bonds will not be unlimited, but may be constrained, generally, to rates established at the time of adoption of the fiscal 2006/07 budget, as adjusted by an annual index.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, certain financial institutions may be able to deduct 80% of the interest expense incurred in purchasing or carrying the Bonds. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer