THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY (WEST VIRGINIA)

$27,800,000
Public School Bonds, Series 2002

Date of Closing: February 12, 2002

BOND TRANSCRIPT

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THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)

$27,800,000 Public School Bonds, Series 2002
Dated February 1, 2002

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BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Election Order
2. Resolution and Order Directing Issuance of Bonds
3. Supplemental Resolution
4. Cross-Receipt for Bonds and Bond Proceeds
5. Attorney General's Approval
6. S&P's Rating Letters
7. Direction to Authenticate and Deliver Bonds
8. Evidence of School Building Authority of West Virginia Grant
9. Specimen Bond

CERTIFICATES

10. General Certificate of Issuer
11. Tax and Arbitrage Certificate of Issuer
12. Certificate of Issuer and Architect

13. Certification of Election Results

14. Certificate on Valuation of Taxable Property

15. Certificate of Bonded Indebtedness

16. Purchaser's Certificate

17. (A) Certificate of Registrar

(B) Certificate of Paying Agent

18. Rule 15c2-12 Certificate of Issuer

OPINIONS

19. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel

20. Opinion of Laura L. Sutton, General Counsel for Berkeley County School Board

DOCUMENTS OF THE ISSUER

21. Minutes of Meetings of June 18, 2001, October 16, 2001 and January 30, 2002

22. Official Ballot

23. Preliminary Official Statement

24. Official Statement

25. IRS Information Return (Form 8038-G)

26. Continuing Disclosure Agreement

MISCELLANEOUS

27. Affidavit of Publication of Bond Election Order

28. Affidavit of Publication of Attorney General's Approval

29. Copy of Letter of Clerk of Supreme Court of Appeals

30. Affidavits of Publication of Notice of Bond Sale

31. Official Notice of Sale

32. Bids of ABN AMRO Financial Services, Inc. and Other Bidders

33. DTC Blanket Issuer Letter of Representations

34. State Treasurer's Designation of United National Bank, as Registrar and Municipal Bond Commission, as Paying Agent

35. Registrar Agreement

36. Municipal Bond Commission New Issue Report

37. Certified Copy of Enabling Act, West Virginia Code, Chapter 13, Article 1

38. Wiring Memorandum

MUNICIPAL BOND INSURANCE POLICY

39. Commitment Letter

40. Specimen Bond Insurance Policy

41. Opinions of Counsel to FGIC

02/05/02
067600.00002

BERKELEY COUNTY BOARD OF EDUCATION
ORDER DIRECTING ELECTION

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY DIRECTING THAT A SPECIAL ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF BERKELEY COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN TWENTY-SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (**$27,800,000**) FOR LAND ACQUISITION, SITE PREPARATION AND ACQUISITION, CONSTRUCTION, EQUIPPING AND FURNISHING OF NEW SCHOOLS AND RENOVATIONS AND IMPROVEMENTS FOR EXISTING SCHOOLS IN BERKELEY COUNTY SCHOOL DISTRICT

BE IT ORDERED AND ENTERED OF RECORD BY THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY:

It appears to The Board of Education of the County of Berkeley (herein called the "Board") and the Board does accordingly hereby find:

1. As a result of continued growth in student enrollment, and inadequate school buildings and related facilities in Berkeley County School District (the "District") in the State of West Virginia (the "State") which generally result in insufficient and ineffective space, excessive maintenance costs and lack of efficiency are conditions which now exist and are adversely affecting proper and adequate education of students in the District to prepare them for gainful employment or further education, and those conditions, together with due regard for proper health and safety standards, make it necessary that the Board acquire, construct, erect, furnish and equip two new schools and the sites therefore and undertake renovation and improvements for certain existing schools, all as shown below; and such conditions and requirements have been found and are hereby determined to exist, pursuant

to investigation caused to be made by this Board. The funds derived from current levies applicable to acquisition and construction of such new facilities which this body is now authorized by law to lay, after providing for the administration of the affairs of this Board and meeting the current expenses thereof required by law, are insufficient to finance such acquisition and construction and therefore, Bonds should be issued to provide funds therefor.

2. Funds should be obtained for the purposes mentioned above and described below and it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, equipping and furnishing of two new schools, together with site acquisition and preparation costs and the renovation and improvement of certain existing schools and all necessary appurtenances (collectively, the "Project"), to pay interest during the period of construction of the Project and for up to six months thereafter, to pay architectural, engineering and inspection costs and to pay costs of issuance of the Bonds, all as more fully hereinafter described. Investigation and studies by this Board show that at least the sum of **$43,250,000** should be spent for such purposes, **$27,800,000** of which would be provided from proceeds of the hereinafter described Bonds and **$15,450,000** of which would be provided by expected grants from the School Building Authority of West Virginia, all to the end of providing adequate, safe and convenient school facilities in the District to meet and improve the educational needs and opportunities of the students in the District.

3. The valuation of the taxable property in the District, as shown by the last assessment thereof for state and county taxation purposes, is **$2,039,548,672**, and the valuation of each class of property within the District is as follows:

Class I	$ 106,547,096
Class II	1,026,770,878
Class III	645,779,372
Class IV	260,451,326
TOTAL	$2,039,548,672

4. There is bonded indebtedness for school purposes in the District in the outstanding amount of **$13,690,000**. The unbonded indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate principal amount of **$27,800,000**, together with the existing bonded indebtedness of **$13,690,000**, being less than 5% of the value of such taxable property as ascertained by the last assessment thereof for State and county taxes, may be issued for the purposes herein provided without exceeding any constitutional or statutory limitation.

5. Bonds in the principal amount of $5,000 each, or integral multiples thereof, aggregating not more than **$27,800,000**, shall be issued and sold, in whole, or from time to time in part, as the Board may in its discretion, deem proper, advisable and in the best interests of the inhabitants of the District, the proceeds of which sale shall be used for the Project, provided, that if any part of the bond proceeds should not be needed for completion of the Project, such unneeded part shall be deposited with the West Virginia Municipal Bond Commission to be used solely for the purchase or redemption of any Bonds of this issue outstanding or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified, provided that the Board shall have the authority to pay matured interest and the

principal amount of any matured Bonds from Bond proceeds until levy money is available to pay the same and thereafter, the bond proceeds expended for this purpose may be reimbursed from levy moneys collected.

6. The Bonds shall bear interest at a rate or rates not exceeding **7 1/4%per annum**, payable semiannually, but it is anticipated that the best bid for the Bonds will provide a much lower interest rate (which will result in a lower levy rate needed to pay the Bonds and the interest thereon), and the Bonds shall be payable for a maximum term of **15 ½ years** from the date of issuance thereof.

7. It is further hereby ordered by the Board of Education of the County of Berkeley that:

(A) The question of incurring said debt and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of Berkeley County School District at a special election to be held in the District on **Saturday, September 29, 2001.**

(B) The names of the Commissioners for holding said election shall be as follows (provided that, if any of such Commissioners are unavailable or otherwise unable to serve, substitutes will be appointed):

Virginia M. Sine (Circuit Clerk)

P. Douglas Luttrell

Joanne Overington

(C) The registration of voters and the use of the registration books shall be governed by the permanent registration laws of the State of West Virginia and the Board

hereby adopts the registration lists of the County of Berkeley as the official registration lists of the District for such school bond election.

(D) The purposes or projects for which the proceeds of sale of the Bonds ($27,800,000), if authorized by the voters and the expected grants from the School Building Authority of West Virginia ($15,450,000), are to be expended are as follows:

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
1.	NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
2.	NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	SBA GRANT
3.	EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
4.	EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
5.	EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-
6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-

7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-
9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
	TOTALS		$27,800,000	$15,450,000

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	**$27,800,000**
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	$15,450,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	$43,250,000

The above amounts include costs of site acquisition and improvement, demolition as needed, construction, erection, furnishing and equipping of the Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for a period of six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out and completing the Project.

(E) If the voters of the District approve such debt and the issuance of said Bonds, the Board shall lay annually upon the assessed valuation of all the taxable property within the District a levy sufficient to provide funds for the payment of the annual interest upon said Bonds as it accrues semiannually, and the principal of said Bonds at the maturities thereof, for which purpose a levy upon each $100 valuation, based upon the last assessment of such property for state and county purposes, will be required at the approximate rates as follows:

Upon Class I property, approximately **6.00** cents

Upon Class II property, approximately **12.00** cents

Upon Class III property, approximately **24.00** cents

Upon Class IV property, approximately **24.00**cents

(F) In the laying of such levy, the assessment levy authorized to be laid by the Board for the District by the Constitution of West Virginia and the statutes enacted pursuant thereto shall not be exceeded; provided, however, that the rates hereinabove set forth may, whenever necessary, be exceeded in making the annual levy for interest and

principal of such Bonds within any statutory and constitutional limitations; and in the levy, collection and disbursement of taxes within constitutional and statutory limitations, such levy for interest and principal upon such proposed Bonds shall have preference over all other taxes collected by the Board for any purpose whatever, except the payment of interest and sinking fund requirements on other Bond issues which heretofore have been authorized or which may hereafter be authorized.

(G) If the debt and the Bond issue shall be approved by the voters, the Bonds, together with all existing bonded indebtedness, including any other bonds heretofore issued and payable from taxes levied outside the limitations fixed by Section 1, Article X of said Constitution, will not exceed in the aggregate 5% of the valuation of the taxable property in the District ascertained in accordance with Sections 8 and 10, Article X of said Constitution, and such Bonds and the interest thereon will be payable from a direct annual tax levied and collected each year, on all taxable property in the District, sufficient to pay the principal and interest maturing and becoming due on such Bonds in each year together with any deficiencies for prior years, within, and not exceeding 34 years, which tax levies will be laid separate and apart from, and in addition to, the maximum rates provided for tax levies for school districts on the several classes of property in Section 1, Article X of said Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax will be levied outside the limits fixed by Section 1, Article X of said Constitution.

(H) If the debt and Bond issue submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond

Amendment," and Section 10, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1951, amending and re-enacting Sections 3 and 4, Article 1, Chapter 13 of the Code of West Virginia, 1931, the levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies; said levies herein provided shall be levied and allocated each year for the purpose of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the District, and the Board does further find that after laying and allocating said special levies for payment of the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

(I) The form of ballot to be used for such school bond election shall be as follows:

OFFICIAL BALLOT

BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

SPECIAL SCHOOL BOND ELECTION

SATURDAY, SEPTEMBER 29, 2001

Shall the Board of Education of the County of Berkeley incur debt and issue Bonds in the amount of not more than TWENTY-SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS **($27,800,000)**, maturities on such Bonds to run not more than **15½ years** from the date of such Bonds, with interest not exceeding the rate of **7 1/4% per annum**, payable semi-annually, for the purpose of making the following improvements in Berkeley County School District (Estimated Costs to include both Bond proceeds and proceeds of grants expected to be received from the School Building Authority of West Virginia, as shown below) to provide adequate, safe and convenient educational facilities for the School District, and levy taxes sufficient to pay the interest on and the principal of such Bonds?

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
1.	NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
2.	NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	SBA GRANT
3.	EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
4.	EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
5.	EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-
6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	SBA GRANT
9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
	TOTALS		$27,800,000	$15,450,000

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	**$27,800,000**
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	$15,450,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	$43,250,000

The above amounts include costs of site acquisition and improvement, demolition, as needed, construction, erection, furnishing and equipping of such Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out and completing the Project.

[ ] YES

[ ] NO

INSTRUCTIONS TO VOTERS: To vote in favor of the proposition submitted on this ballot, place an X mark in the square before the word "YES".

To vote against the proposition, place a similar mark in the square before the word "NO".

* * * * * * * * * * *

8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Berkeley County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and, in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on **Friday, October 5, 2001**, that being the 5th day, Sunday excepted, after such election for such purposes.

9. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Berkeley in accordance with the laws of the State of West Virginia, and said Clerk is hereby appointed the agent of the Board to perform all duties relating to absentee ballots in this election.

10. Notice of the school bond election hereby ordered shall be given, as required by law, by the publication of this order within the 14 consecutive days next preceding the date of such election, with an interval of at least 6 full days between the first and second publications, once a week for 2 successive weeks in the Martinsburg Journal, being the only qualified newspaper published or of general circulation in Berkeley County, West Virginia, the publication dates to be September 20 and September 27, 2001.

Given under my hand this 18th day of June, 2001.

By:_____
President of The Board of Education of the
County of Berkeley

CERTIFICATE

Certified a true and correct copy of the Order Directing Election, made and entered of record by The Board of Education of the County of Berkeley at a regular meeting thereof duly and regularly called and held upon lawful notice to all members thereof and to the public and news media, on the 18th day of June, 2001, at Martinsburg, Berkeley County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such order is in full force and effect.

Given under my hand this February 12, 2002.

By: _____
Secretary of The Board of Education of the
County of Berkeley

02/12/02
067600/00002

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, The Board of Education of the County of Berkeley (the "Issuer"), has heretofore, on June 18, 2001, made and entered of record an order upon the question of authorizing bonds in the amount of Twenty-Seven Million Eight Hundred Thousand Dollars ($27,800,000) to be issued and sold for the purpose of providing funds for making certain improvements in Berkeley County School District (the "District");

WHEREAS, in pursuance of said order, a special election was held on September 29, 2001, at each of the legally established voting precincts in the District for the purpose of ascertaining the will of the voters upon the question of whether or not said bonds should be issued. The result of said election, as shown by a canvass of the returns thereof made by the Issuer and The County Commission of Berkeley County, sitting jointly as a canvassing board, on October 5, 2001, and as certified on October 5, 2001, was Three Thousand Five Hundred Fourteen (3,514) votes for and Two Thousand Forty-One (2,041) votes against the issuance of said bonds; so that more than 50% of the voters, to wit, 63.26% voting upon said proposition at said election, voted for the issuance of said bonds.

WHEREAS, the Issuer has accordingly determined to proceed with the issuance of bonds as hereinafter provided;

NOW THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY AS FOLLOWS:

1. Bonds in the aggregate principal amount of $27,800,000 (the "Bonds"), shall be issued and sold, in denominations of $5,000 or integral multiples thereof, the proceeds of which sale shall be used for the purposes hereinafter set forth, the sale of such Bonds to be made in whole, or from time to time in part, as the Issuer may in its discretion, deem proper, advisable and in the best interests of the residents of the District. Upon completion of the Projects and payment of all costs thereof in full, any unused sum remaining from the sale of the Bonds shall be deposited with the West Virginia Municipal Bond Commission to be used for the purchase of any Bonds of this proposed issue outstanding at a price of not more than the par value thereof plus accrued interest to the date of such purchase or for the payment of the Bonds hereby authorized and the interest thereon at the maturities thereof.

2. The Bonds shall bear interest at a rate or rates not exceeding seven and one-quarter per centum (7.25%) per annum, payable semiannually, but it is hoped that

the best bid for the Bonds will provide a lower interest rate (which will result in somewhat lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable annually in the principal amounts and shall mature in the years as follows:

Bonds in the amount of $1,015,000 due and payable on May 1, 2003;

Bonds in the amount of $1,390,000 due and payable on May 1, 2004;

Bonds in the amount of $1,455,000 due and payable on May 1, 2005;

Bonds in the amount of $1,525,000 due and payable on May 1, 2006;

Bonds in the amount of $1,600,000 due and payable on May 1, 2007;

Bonds in the amount of $1,675,000 due and payable on May 1, 2008;

Bonds in the amount of $1,755,000 due and payable on May 1, 2009;

Bonds in the amount of $1,840,000 due and payable on May 1, 2010;

Bonds in the amount of $1,925,000 due and payable on May 1, 2011;

Bonds in the amount of $2,015,000 due and payable on May 1, 2012;

Bonds in the amount of $2,110,000 due and payable on May 1, 2013;

Bonds in the amount of $2,210,000 due and payable on May 1, 2014;

Bonds in the amount of $2,315,000 due and payable on May 1, 2015;

Bonds in the amount of $2,425,000 due and payable on May 1, 2016;

Bonds in the amount of $2,545,000 due and payable on May 1, 2017;

3. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the office of a bank or trust company to be named by subsequent resolution of the Issuer prior to issuance of the Bonds (the "Paying Agent"), as agent for the West Virginia Investment Management Board, and the Issuer shall annually, at the levy term thereof, make up and lay a levy upon all taxable property within the District sufficient to provide funds for paying the interest on the Bonds as the same accrues and becomes payable and the principal thereof at their respective maturities.

4. The Bonds shall be issued under the 5% limitation of the Better Schools Amendment, and will be payable from a direct annual tax on all taxable property in the District, in the ratio, as between the several classes or types of such taxable property specified in Section 1, Article X of the Constitution, separate and apart from and in addition to all other taxes for all other purposes, sufficient to pay, annually, the interest of such debt and the principal thereof, within and not exceeding 34 years, which may be levied outside the limits fixed by Section 1, Article X of the Constitution, and the Issuer covenants with the registered owners from time to time of the Bonds that the District shall include in its budget the amount of the debt service for each fiscal year of the District in which such sums are payable, shall appropriate such amount from its revenues for the payment of such debt service and shall duly and punctually pay or cause to be paid from its sinking fund or any other of its available revenues or funds the principal amount of each of the Bonds and the interest due thereupon at the date and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, subject to the limitations fixed by the District shall and does pledge, irrevocably, its full faith, credit and taxing power.

5. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Twenty-Seven Million Eight Hundred Thousand Dollars ($27,800,000), does not exceed or violate any provisions or limitations in any manner provided by the School Bond Amendment and the Better Schools Amendment.

6. The Bonds hereby authorized shall be exempt from all taxation by the State of West Virginia or any political subdivision thereof and shall contain the following recital: "It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

7. Each Bond shall be signed by and on behalf of the Issuer by its President and countersigned by its Secretary, and the corporate seal of the Issuer shall be

affixed to each Bond, which signatures and seal may be manual or by facsimile, and the Bonds herein authorized to be issued shall be upon the terms and in form or effect substantially as set forth in "**Exhibit A**," attached hereto as a part hereof. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution and Order unless and until the Registrar's Certificate of Authentication and Registration on such Bond, substantially in the form set forth in said "**Exhibit A**" shall have been manually executed by the Paying Agent, as registrar for the Bonds (the "Registrar").

8. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Registrar.

9. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the books of the Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privileges of exchanging Bonds or transferring the registered Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Bond Resolution and Order. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. Transfers and exchanges of Bonds shall be made by the Registrar without charge to the holder or the transferee thereof, except as provided below. For every such exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such tax or other governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds.

10. The Bonds may be subject to redemption prior to their stated dates of maturity at the option of the Issuer, on or after such date, in such order of maturity as may be determined by the Issuer and by lot within a maturity, and at the redemption price or prices to be set forth in the Notice of Sale of the Bonds. The Issuer shall not levy taxes in connection with the redemption of any Bonds in excess of the taxes that would have been levied for the payment of principal of and interest on the Bonds in such year.

11. The Bonds shall be registered upon issuance to CEDE & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). In the event the Issuer determines that it is in the best interest of the beneficial owners of the Bonds that they obtain Bond certificates, the Issuer may notify DTC and the Registrar, whereupon DTC will notify its participants, of the availability through DTC of Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the Issuer or the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Registrar shall be obligated to deliver Bond certificates as described in a resolution supplemental hereto. In the event the Bond certificates are issued, the provisions of this Resolution and Order shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such Bond certificates. Whenever DTC requests the Issuer and the Registrar to do so, the Registrar and the Issuer will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Bonds to any participant having the Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds. The President of the Issuer is hereby authorized and directed to execute and deliver to DTC a Letter of Representations in substantially the form presented to this meeting and the Issuer is authorized to comply with all requirements of DTC.

12. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use

or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

13. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

14. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

15. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

16. The Issuer covenants with the registered owners from time to time of the Bonds that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bonds, would cause such Bonds to be "arbitrage bonds," as that term is defined in Section 148 of the Internal Revenue Code of 1986, as amended, or any successor provision, and the applicable regulations thereunder (the "Code"). The Issuer further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, the President of the Issuer being the official responsible for issuing the Bonds, is hereby authorized and directed to execute and deliver, in the name and on behalf of the District, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not "arbitrage bonds" within the meaning of said Section 148 and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance, sale and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the District as to the amount and use of the proceeds of the Bonds and other matters relating to such Section 148.

17. The Issuer hereby covenants to take all actions necessary to comply with the "rebate" provisions of Section 148(f) of the Code and shall employ such professionals as may be necessary in order to ensure such compliance.

18. The Issuer hereby approves the Tax and Non-Arbitrage Certificate to be dated that date of delivery of the Bonds, in substantially the form presented to this

meeting, and the President of the Issuer is hereby authorized and directed to execute such certificate with such changes, insertions and deletions as shall be approved by the President.

19. The Issuer hereby covenants to take all actions necessary to comply with SEC Rule 15c2-12 and to deliver a continuing disclosure agreement or similar document to the successful bidder or bidders for the Bonds.

20. The Secretary of the Issuer shall transmit to the Attorney General of the State of West Virginia a duly certified copy of all orders, resolutions, proclamations, notices, advertisements, affidavits and records of all proceedings connected with or pertaining to this Bond issue, and any and all other matters relative thereto which the Attorney General may require, as provided by Section 25, Article 1, Chapter 13 of the Code of West Virginia.

21. The Bonds hereby authorized shall be advertised for sale to the public on sealed bids, in the manner set forth in Chapter 13, Article 1, Section 21 of the West Virginia Code of 1931, as amended, at such time or times as shall be determined by the Board. The Issuer may issue the Bonds in one or more series and may reject any and all bids.

22. All officers, members and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause valid Bonds to be issued as authorized by the voters of the District at the special election held on September 29, 2001, pursuant to the calling thereof, and to do all things proper and necessary to obtain the approval and sale of said Bonds, and no further authority shall be necessary to authorize any such officers or employees to give further assurance, to execute such additional documents and do such further acts as may legally be required by any individual or corporate purchaser of the Bonds hereby authorized or any of them.

23. This resolution and order shall be effective immediately upon its adoption and entry of record.

Adopted and entered of record this October 16, 2001.

By: _____
Secretary of the Board of Education of
The County of Berkeley

EXHIBIT A

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 200__

No. _____ $_____

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
_____%	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated _____,

_____, West Virginia, as its agent to act in the capacities of registrar and paying agent for the Bonds (the "Paying Agent").

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Paying Agent to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Paying Agent, or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia. The Issuer and the Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

This Bond is one of a series of bonds of the Issuer designated as "Public School Bonds, Series 2002" (the "Bonds"), issued by the Issuer in the aggregate principal amount of _____ Dollars ($_____). The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order Directing Issuance of Bonds as supplemented and amended (the "Order") duly adopted by the Issuer, for the purpose of providing funds for the acquisition, construction and equipping of certain new public schools and additions, renovations and improvements to certain existing schools, together with all necessary appurtenances, in Berkeley County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

This Bond may be transferred or exchanged by the Registered Owner hereof upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the Registered Owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same maturity and form for the aggregate denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The Issuer and the Paying Agent may deem and treat

the registered owner hereof as the absolute owner thereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the Registered Owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the Issuer upon the Bond as paid.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Order, against any member, officer or employee, past, present, or future, of the Issuer or of any successor body, as such, either directly or through the Issuer 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, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

The Bonds maturing on May 1, 20__ and thereafter are subject to redemption at the option of the Issuer prior to their respective dates of maturity on or after_____, 20__, in whole at any time or in part on any interest payment date, in any order of maturity selected by the Issuer, and by lot within a maturity, at a redemption price equal to ____% of the principal amount of the Bonds to be redeemed, together with interest accrued to the date fixed for redemption.

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Issuer, to the registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for the redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Issuer shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

[The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.]

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the laws of the State of West Virginia to exist, to have

happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia, and that legal provision has been made by the Issuer for the levy and collection of a direct annual tax sufficient in amount to meet the payment of the interest and principal hereof, which shall have precedence over all other taxes for any purpose whatever, except bond issues heretofore or hereafter authorized and issued under the five percent limitation provided by the Better Schools Amendment of the Constitution of West Virginia, and said tax is levied outside the limits fixed by Section 1, Article X of the Constitution of the State of West Virginia in the manner provided by Sections 8 and 10, Article X of the State Constitution; that said levies do not exceed any constitutional or statutory limitations; and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limitation thereon.

For payment of both principal and interest hereof the full faith and credit and resources of the Issuer are hereby irrevocably pledged within the limitations prescribed by the Constitution and statutes of the State of West Virginia.

The Issuer has covenanted in the Order that it shall include in its budget the amount of the debt service for each fiscal year of the Issuer in which principal and/or interest on the Bonds is payable, that it shall appropriate from its revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due, the principal of and interest on the Bonds.

Subject to the registration requirements set forth herein, this Bond, under the provisions of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

The Issuer has caused CUSIP numbers to be printed on the Bonds, and has directed the Paying Agent to use such numbers in notices, if any, as a convenience to bondholders. No representation is made as to the accuracy of such numbers either as printed on the Bonds or as contained in any notice.

This Bond shall not be entitled to any benefit under the Order nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Order, all as of _____, 20___.

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

(SEAL)

_____
President

_____
Secretary

REGISTRAR'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order Directing Issuance of Bonds and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds of said Series.

Dated: _____.

_____, as Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Language to be provided by Bond Insurer]

ATTORNEY GENERAL'S APPROVAL

I, DARRELL V. McGRAW, JR., Attorney General of the State of West Virginia, do hereby certify that this Bond has been approved by me by virtue of the authority vested in me by Article 1, Chapter 13, of the West Virginia Code of 1931, as amended; that notice of my approval hereof was published as required by Section 25 of said Chapter 13, Article 1; that 10 days have elapsed since the date of the last publication of such notice; that there has been no appeal from my decision to the Supreme Court of Appeals; and that this Bond has become incontestable, under and by virtue of the provisions of said Article 1, Chapter 13, and is a binding obligation upon The Board of Education of the County of Berkeley a corporation, the authority issuing the same, and upon the taxable property within Berkeley County School District, and that by reason of the provisions of said Article 1, Chapter 13, no one has the right hereafter to contest in any court or in any action or proceeding the validity of this Bond for any cause whatsoever.

WITNESS my hand this _____, 200___.

_____
Attorney General of the State of
West Virginia

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
_____
_____ the within Bond and does hereby irrevocably constitute and appoint _____
_____
_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

CERTIFICATE

Certified a true and correct copy of the Resolution and Order Directing Issuance of Bonds, adopted and entered by The Board of Education of the County of Berkeley at a meeting thereof duly and regularly called and held upon lawful notice to all members thereof on October 16, 2001, at the City of Martinsburg, Berkeley County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such resolution and order is in full force and effect.

Given under my hand this February 12, 2002.

By _____
Secretary of The Board of Education of The County of Berkeley

02/12/02
067600/00002

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

SUPPLEMENTAL RESOLUTION

WHEREAS, The Board of Education of the County of Berkeley, West Virginia (the "Issuer"), did, on October 16, 2001, adopt and enter of record a Resolution and Order Directing Issuance of Bonds, (the "Resolution") authorizing the issuance of the above-captioned bonds (the "Bonds");

WHEREAS, the Resolution provided for certain details of the Bonds and designation of a Registrar and Paying Agent to be set forth in a resolution or resolutions supplemental thereto; and

WHEREAS, pursuant to the Resolution and applicable law, the Issuer has duly and properly advertised the Bonds for sale upon sealed proposals to be received by the Issuer until 12:00 Noon, on the date hereof, being January 30, 2002;

WHEREAS, all proposals received have been reviewed by representatives of the Issuer and the Issuer's Financial Advisor, and the highest responsive bidder (lowest interest cost) has been determined;

WHEREAS, the Issuer wishes to adopt this Supplemental Resolution in order to award the sale of the Bonds to the highest responsive bidder, to appoint and designate the Registrar and Paying Agent and to approve a certificate relating to the Official Statement for the Bonds;

NOW THEREFORE, BE IT RESOLVED AND ORDERED by The Board of Education of the County of Berkeley, West Virginia, as follows:

1. The Bonds shall be sold to ABN AMRO Financial Services, Inc., being the highest responsive bidder thereon.

2. The Issuer hereby designates United National Bank, with its principal office in Charleston, West Virginia, as Registrar and West Virginia Municipal Bond Commission, with its principal office in Charleston, West Virginia, as Paying Agent for the Bonds.

3. The Certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the President of the Issuer are hereby approved and directed.

4. The Issuer hereby approves the deposit of proceeds of the Bonds or any portion thereof, in the Consolidated Fund held by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6, Section 8 of the West Virginia Code of 1931, as amended, and directs the Treasurer of the Issuer to take such actions as are appropriate to accomplish such deposit and the investment of such proceeds in such pool in the Consolidated Fund as may be designated in writing by the Treasurer to the West Virginia Investment Management Board.

This Supplemental Resolution shall be effective immediately.

Adopted and entered January 30, 2002.

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

Secretary of The Board of Education of the County of Berkeley

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted and enacted by THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY (West Virginia) at a special meeting of the Board held at 12:15 p.m., on January 30, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Given under my hand this February 12, 2002.

Secretary of the Board of Education of
The County of Berkeley

02/05/02
067600/00002

Payment for the Bonds was made in Federal Funds in the amount of $27,281,863.63, on the date hereof.

4. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our respective signatures this February 12, 2002.

ABN AMRO Financial Services, Inc.

By: _____
Its: Authorized Officer

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY

By: _____
Its: President

02/05/02
067600.00002

CH500799.1

WITNESS our respective signatures this February 12, 2002.

ABN AMRO Financial Services, Inc.

By:_____
Its: Authorized Officer

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY

By:_____
Its: President

02/05/02
067600.00002

CH500799.1

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

BOND NO.	CUSIP	Principal Amount	Maturity Date (May 1)	Interest Rate
R-1	084239 DZ2	$ 1,015,000	May 1, 2003	3.000%
R-2	084239 EA6	1,390,000	May 1, 2004	3.000
R-3	084239 EB4	1,455,000	May 1, 2005	3.000
R-4	084239 EC2	1,525,000	May 1, 2006	3.750
R-5	084239 ED0	1,600,000	May 1, 2007	4.000
R-6	084239 EE8	1,675,000	May 1, 2008	4.000
R-7	084239 EF5	1,755,000	May 1, 2009	4.125
R-8	084239 EG3	1,840,000	May 1, 2010	4.125
R-9	084239 EH1	1,925,000	May 1, 2011	4.300
R-10	084239 EJ7	2,015,000	May 1, 2012	4.350
R-11	084239 EK4	2,110,000	May 1, 2013	4.375
R-12	084239 EL2	2,210,000	May 1, 2014	4.500
R-13	084239 EM0	2,315,000	May 1, 2015	5.000
R-14	084239 EN8	2,425,000	May 1, 2016	5.000
R-15	084239 EP3	2,545,000	May 1, 2017	5.000

IN THE MATTER OF THE BOARD OF EDUCATION OF BERKELEY COUNTY,
STATE OF WEST VIRGINIA
$27,800,000
PUBLIC SCHOOL BONDS, SERIES 2002

ATTORNEY GENERAL'S APPROVAL

At a regular meeting of the Board of Education of the County of Berkeley, State of West Virginia, held on June 18, 2001, an order was entered of record authorizing a vote to be taken of legal voters of the County of Berkeley at a special election to be held on September 29, 2001, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Twenty-seven Million Eight Hundred Thousand Dollars ($27,800,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used (together with proceeds of certain grants from the expected to be received School Building Authority of West Virginia, as set forth below) for the following purposes:

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
1.	NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000

2.	NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000

			ESTIMATED COST	
	PROJECT	LOCATION	BOND PROCEEDS	SBA GRANT
3.	EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000

4.	EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-

			ESTIMATED COST	
	PROJECT	LOCATION	BOND PROCEEDS	SBA GRANT
5.	EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-

6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-

9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$	-0-
	TOTALS		$27,800,000	$15,450,000	
	APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		**$27,800,000**		
	APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		$15,450,000		
	APPROXIMATE TOTAL COST OF ALL PROJECTS		$43,250,000		

The Board of Education of the County of Berkeley pursuant to the provisions of Chapter 13, Article 1, Section 25, of the West Virginia Code of 1931, as amended, has caused to be transmitted to me certified copies of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and I have examined the same.

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing bonds, as provided in said order, Three Thousand Five Hundred Fourteen (3,514) votes were cast for and Two Thousand Forty-one (2,041) votes were cast against the issuance of said bonds, so that a majority of the votes were cast for the proposition.

In my opinion, there has been substantial compliance with the law relating to the issuance of said bonds, and I therefore approve the validity of such bond issue pursuant to the provisions of Chapter 13, Article 1, Section 25, of the West Virginia Code of 1931 as amended.

Darrell V. McGraw, Jr.

Charleston, West Virginia

December 6, 2001

11/20/01
067600/00002

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2066
Reference No.: 995764

Steven J Murphy
Managing Director
Public Finance Ratings

Standard & Poor's
A Division of The McGraw-Hill Companies

January 9, 2002

Mr. James R. Welton, Jr.
Treasurer/Assistant Superintendent
Berkeley County Schools
401 South Queens Street
Martinsburg, WV 25401

Re: ***$27,800,000 The Board of Education of the County of Berkeley, West Virginia, Public School Bonds, Series 2002, dated: February 1, 2002, due: May 1, 2003-2017***

Dear Mr. Welton:

Pursuant to your request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the *MEMORANDUM OF AGREEMENT* on the reverse side hereof, have assigned a rating of 'AA-' to the obligations. S&P views the outlook for this rating over the intermediate to longer term as stable.

Please note that the ongoing information required includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed and should be forwarded to:

Standard & Poor's Ratings Services
Public Finance
55 Water Street, Muni Drop Box No. 1, 38-3-10 - New York, NY 10041-0003

S&P relies on the issuer and its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating. In addition, it should be understood that the rating is not a *"market"* rating nor a recommendation to buy, hold or sell these securities. Please note that the rating, as is the case with all of S&P's municipal ratings, does not address the likelihood that interest payable on the Bonds may be deemed or declared includable in the gross income of Bondholders by the relevant authorities at any time.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Thank you for choosing Standard & Poor's Ratings Services. If you have any questions, please contact us.

Very truly yours,

Steven J. Murphy

ed

cc: Ms. Marie L. Prezioso, Senior Vice President
Ferris, Baker, Watts, Inc.

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2074
Reference No.: 40125393

Vincent Orgo
Administrative Officer
Public Finance Ratings

Standard & Poor's
A Division of The McGraw-Hill Companies

February 11, 2002

Ms. Cheryl Whaley
Group Leader
Financial Guaranty Insurance Co.
125 Park Avenue, 5th Floor
New York, NY 10017

Re: ***$27,800,000 The Board of Education of the County of Berkeley, West Virginia, Public School Bonds, Series 2002, dated: February 1, 2002, due: May 1, 2003-2017, (POLICY #02010153)***

Dear Ms. Whaley:

This is to advise you that we have changed the rating to 'AAA' from 'AA-' on the subject bonds.

The rating change reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing.

When using the Standard & Poor's rating, include the definition of the rating together with a statement that this may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. This rating is not a "market rating", because it is not a recommendation to buy, hold or sell the obligations.

If you have any questions, please contact us.

Very truly yours,

Vincent Orgo

ms

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United National Bank,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Registrar for the above-captioned Bonds:

1. Bonds Nos. R-1 to R-15, inclusive, constituting the entire original issue of The Board of Education of the County of Berkeley (West Virginia) Public School Bonds, Series 2002, dated February 1, 2002, in the aggregate principal amount of $27,800,000 (the "Bonds"), all as set forth in **EXHIBIT A**, attached hereto and made a part hereof, signed by the President and countersigned by the Secretary of The Board of Education of the County of Berkeley (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution and Order Directing Issuance of Bonds adopted by the Issuer on October 16, 2001, and a Supplemental Resolution adopted by the Issuer on January 30, 2002 (collectively, the "Resolution").

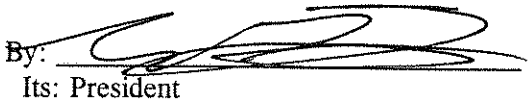
2. A copy, duly certified by the Secretary, of the Resolution.

3. A signed, unqualified approving opinion of nationally recognized bond counsel designated by the Issuer and acceptable to the Purchaser.

You are hereby requested and authorized to authenticate, register and deliver the Bonds to CEDE & CO., as nominee of Depository Trust Company, on behalf of ABN AMRO Financial Services, Inc., as the Purchaser thereof.

Dated this February 12, 2002.

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY

By: 
Its: President

02/05/02
067600.00002

EXHIBIT A

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)

$27,800,000
PUBLIC SCHOOL BONDS, SERIES 2002

BOND NO.	CUSIP	Principal Amount	Maturity Date (May 1)	Interest Rate
R-1	084239 DZ2	$ 1,015,000	May 1, 2003	3.000%
R-2	084239 EA6	1,390,000	May 1, 2004	3.000
R-3	084239 EB4	1,455,000	May 1, 2005	3.000
R-4	084239 EC2	1,525,000	May 1, 2006	3.750
R-5	084239 ED0	1,600,000	May 1, 2007	4.000
R-6	084239 EE8	1,675,000	May 1, 2008	4.000
R-7	084239 EF5	1,755,000	May 1, 2009	4.125
R-8	084239 EG3	1,840,000	May 1, 2010	4.125
R-9	084239 EH1	1,925,000	May 1, 2011	4.300
R-10	084239 EJ7	2,015,000	May 1, 2012	4.350
R-11	084239 EK4	2,110,000	May 1, 2013	4.375
R-12	084239 EL2	2,210,000	May 1, 2014	4.500
R-13	084239 EM0	2,315,000	May 1, 2015	5.000
R-14	084239 EN8	2,425,000	May 1, 2016	5.000
R-15	084239 EP3	2,545,000	May 1, 2017	5.000

School Building Authority of West Virginia
Clacy E. Williams, Executive Director
2300 Kanawha Boulevard, East • Charleston, West Virgina 25311-2306 • Office Number (304)558-2541 • FAX Number (304)558-2539

August 24, 2001

Mr. Manuel Arvon, II
Superintendent
Berkeley County Schools
401 S. Queen Street
Martinsburg, WV 25401-3285

Dear Superintendent Arvon:

I have recently reviewed the August 23rd article in the Hagerstown Herald and am very disappointed at their apparent misunderstanding of the School Building Authority's role and procedures in the cooperative financing of the facility plan we have helped you develop for the growth of Berkeley County Schools. To insinuate that an effort is being made by you or the Berkeley County Board of Education to misrepresent the position of the School Building Authority is, in reality, a misrepresentation of its very own.

I appreciate the opportunity you have given me and my staff to work with you in preparation of your 2000/2010 comprehensive educational facility plan. It is my belief that the finance plan we have developed as part of the facility plan fairly reflects the local efforts of Berkeley County through the proposed bond issue, and presents a realistic expectation of future funding from the SBA. As you know, the SBA has recognized your growing need for schools and has provided well over $30 million for school construction and improvements in Berkeley County in the past ten years. Passage of the local bond you are proposing is an integral part of that finance plan and a key element in requesting continued financial support from the School Building Authority in the future.

I look forward to working with you and the Berkeley County Board in our cooperative effort to meet the needs of your growing school enrollments. I wish you the best of luck during your local bond effort and hope that the citizens of Berkeley County understand the significance of it's passage and support your efforts to provide quality educational programs and facilities for their children. If I or my staff can be of further assistance please do not hesitate to call upon me.

Sincerely,

Dr. Clacy Williams
Executive Director

CW:sg
berkbond

School Building Authority of West Virginia
Clacy E. Williams, Executive Director

2300 Kanawha Boulevard, East • Charleston, West Virgina 25311-2306 • Office Number (304)558-2541 • FAX Number (304)558-2539

December 19, 2001

Mr. Manuel P. Arvon, II
Superintendent
Berkeley County Schools
401 South Queen Street
Martinsburg, WV 25401-3285

Dear Mr. Arvon:

The School Building Authority of West Virginia is pleased to inform you that at it's Quarterly Meeting on December 17, 2001, Berkeley County was awarded a Needs Grant in the amount of $4,300,000. These funds are for the addition/renovations at Hedgesville High School.

We look forward to working with you on this project. A letter and contract detailing the particulars of your grant will soon follow. If you have any questions, please feel free to call.

Congratulations and best of luck on your project.

Sincerely,

Mary M. Blashford
Coordinator of Finance and Administration

MMB:kc

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School Building Authority of West Virginia
Clacy E. Williams, Executive Director
2300 Kanawha Boulevard, East • Charleston, West Virginia 25311-2306 • Office Number (304)558-2541 • FAX Number (304)558-2539

December 20, 2000

Mr. Manuel P. Arvon, II
Superintendent
Berkeley County Schools
401 South Queen Street
Martinsburg, WV 25401-3285

Dear Mr. Arvon:

I am pleased to inform you that on December 18, 2000, the School Building Authority approved a Needs Grant for Berkeley County in the amount of $2,000,000. The grant is for the construction of a new middle school and contingent upon the passage of local bonds.

A grant contract will soon be forwarded to you for signature completion. Please sign and return the contract as soon as possible. Once the contract is signed, we will transfer funds into your account at United National Bank. Funds cannot be transferred without the signed contract returned to the SBA.

We are pleased that you will be receiving sufficient funds to address your project. If you have any questions, please do not hesitate to call on me.

Sincerely,

Mary M. Blashford

Mary Blashford
Coordinator of Finance and Administration

MMB:kc

e:\mainserver\berkeley2001grantnotice.wpd

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-1

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
3.000%	May 1, 2003	February 1, 2002	084239DZ2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIFTEEN THOUSAND DOLLARS ($1,015,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

for the Bonds (the "Paying Agent") and the United National Bank, Charleston, West Virginia, as its agent to act in the capacities of registrar (the "Registrar").

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Paying Agent to the Registered Owner hereof as of the applicable Record Date (each April 15 and October 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Paying Agent, or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia. The Issuer and the Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

This Bond is one of a series of bonds of the Issuer designated as "Public School Bonds, Series 2002" (the "Bonds"), issued by the Issuer in the aggregate principal amount of Twenty-Seven Million Eight Hundred Thousand Dollars ($27,800,000). The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order Directing Issuance of Bonds as supplemented and amended (the "Order") duly adopted by the Issuer, for the purpose of providing funds for the acquisition, construction and equipping of certain new public schools and additions, renovations and improvements to certain existing schools, together with all necessary appurtenances, in Berkeley County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

This Bond may be transferred or exchanged by the Registered Owner hereof upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the Registered Owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same maturity and form for the aggregate denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The Issuer and the Paying Agent may deem and treat the registered owner hereof as the absolute owner thereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer and the Paying Agent shall not

be affected by any notice to the contrary. All payments made to the Registered Owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the Issuer upon the Bond as paid.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Order, against any member, officer or employee, past, present, or future, of the Issuer or of any successor body, as such, either directly or through the Issuer 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, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

The 2002 Series A Bonds maturing on and after May 1, 2013, are subject to redemption, on or after May 1, 2012, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any monies available for such purpose, at the applicable Redemption Price (expressed as a percentage of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2012 to April 30, 2013	101%
May 1, 2013 and thereafter	100%

In the event of such optional redemption, the Issuer may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Issuer, to the registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for the redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Issuer shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Financial Guaranty Insurance Company.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the laws of the State of West Virginia to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia, and that legal provision has been made by the Issuer for the levy and collection of a direct annual tax sufficient in amount to meet the payment of the interest and principal hereof, which shall have precedence over all other taxes for any purpose whatever, except bond issues heretofore or hereafter authorized and issued under the five percent limitation provided by the Better Schools Amendment of the Constitution of West Virginia, and said tax is levied outside the limits fixed by Section 1, Article X of the Constitution of the State of West Virginia in the manner provided by Sections 8 and 10, Article X of the State Constitution; that said levies do not exceed any constitutional or statutory limitations; and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limitation thereon.

For payment of both principal and interest hereof the full faith and credit and resources of the Issuer are hereby irrevocably pledged within the limitations prescribed by the Constitution and statutes of the State of West Virginia.

The Issuer has covenanted in the Order that it shall include in its budget the amount of the debt service for each fiscal year of the Issuer in which principal and/or interest on the Bonds is payable, that it shall appropriate from its revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due, the principal of and interest on the Bonds.

Subject to the registration requirements set forth herein, this Bond, under the provisions of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

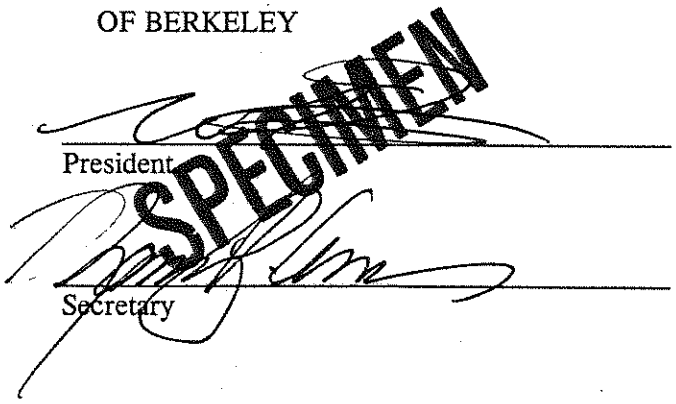
The Issuer has caused CUSIP numbers to be printed on the Bonds, and has directed the Paying Agent to use such numbers in notices, if any, as a convenience to bondholders. No representation is made as to the accuracy of such numbers either as printed on the Bonds or as contained in any notice.

This Bond shall not be entitled to any benefit under the Order nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Order, all as of February 12, 2002.

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

(SEAL)



President

Secretary

REGISTRAR'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order Directing Issuance of Bonds and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds of said Series.

Dated: February 12, 2002.

UNITED NATIONAL BANK, as Registrar

By _____
Its Authorized Officer

SPECIMEN

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Bonds, such policy being on file at the principal office of Paying Agent, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable) 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 of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the requirement payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A. or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

This policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ATTORNEY GENERAL'S APPROVAL

I, DARRELL V. McGRAW, JR., Attorney General of the State of West Virginia, do hereby certify that this Bond has been approved by me by virtue of the authority vested in me by Article 1, Chapter 13, of the West Virginia Code of 1931, as amended; that notice of my approval hereof was published as required by Section 25 of said Chapter 13, Article 1; that 10 days have elapsed since the date of the last publication of such notice; that there has been no appeal from my decision to the Supreme Court of Appeals; and that this Bond has become incontestable, under and by virtue of the provisions of said Article 1, Chapter 13, and is a binding obligation upon The Board of Education of the County of Berkeley a corporation, the authority issuing the same, and upon the taxable property within Berkeley County School District, and that by reason of the provisions of said Article 1, Chapter 13, no one has the right hereafter to contest in any court or in any action or proceeding the validity of this Bond for any cause whatsoever.

WITNESS my hand this February 12, 2002.

Darrell V. McGraw

Attorney General of the State of
West Virginia

ASSIGNMENT

Social Security or Other Identifying Number of Assignee: _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
_____
_____ the within Bond and does hereby irrevocably constitute and appoint _____
_____
_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-2

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
3.000%	May 1, 2004	February 1, 2002	084239EA6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED NINETY THOUSAND DOLLARS ($1,390,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-3

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
3.000%	May 1, 2005	February 1, 2002	084239EB4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS ($1,455,000)

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SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-4

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
3.750%	May 1, 2006	February 1, 2002	084239EC2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($1,525,000)

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SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-5

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.000%	May 1, 2007	February 1, 2002	084239ED0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED THOUSAND DOLLARS ($1,600,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-6

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.000%	May 1, 2008	February 1, 2002	084239EE8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($1,675,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-7

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.125%	May 1, 2009	February 1, 2002	084239EF5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SEVEN HUNDRED FIFTY-FIVE THOUSAND DOLLARS ($1,755,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-8

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.125%	May 1, 2010	February 1, 2002	084239EG3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS ($1,840,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-9

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.300%	May 1, 2011	February 1, 2002	084239EH1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($1,925,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-10

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.350%	May 1, 2012	February 1, 2002	084239EJ7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FIFTEEN THOUSAND DOLLARS ($2,015,000)

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SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-11

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.375%	May 1, 2013	February 1, 2002	084239EK4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED TEN THOUSAND DOLLARS ($2,110,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-12

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
4.500%	May 1, 2014	February 1, 2002	084239EL2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION TWO HUNDRED TEN THOUSAND DOLLARS ($2,210,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-13

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
5.000%	May 1, 2015	February 1, 2002	084239EM0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED FIFTEEN THOUSAND DOLLARS ($2,315,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-14

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
5.000%	May 1, 2016	February 1, 2002	084239EN8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($2,425,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

SPECIMEN

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

No. R-15

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
5.000%	May 1, 2017	February 1, 2002	084239EP3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($2,545,000)

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2002, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacities of paying agent

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

GENERAL CERTIFICATE OF THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY ON:

1. TERMS
2. NO LITIGATION
3. AWARD OF BONDS; SIGNATURES
4. DELIVERY AND PAYMENT
5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS
6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
7. MEETINGS, ETC.
8. INCUMBENCY AND OFFICIAL NAME
9. SIGNATURES
10. DESIGNATION OF REGISTRAR AND PAYING AGENT
11. OTHER DOCUMENTS
12. DISCLOSURES
13. SBA GRANT
14. SPECIMEN BOND

The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Berkeley (West Virginia) (the "Issuer"), a public corporation of the State of West Virginia (the "State"), HEREBY CERTIFY, for and on behalf of the Issuer, to ABN AMRO Financial Services, Inc., as original purchaser from the Issuer of the above-captioned bond issue and other interested parties as follows, jointly unless otherwise stated, all capitalized terms not otherwise defined herein to have the meanings given in the Resolution, herein defined:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Resolution and Order Directing Issuance of Bonds of the Issuer adopted October 16, 2001, as supplemented and amended (collectively, the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance, sale and delivery of the Bonds or the collection of the ad valorem tax levies or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance, sale and delivery of the Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Resolution, the bidding procedures relating to sale of the Bonds, or any agreement or instrument relating thereto, or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the President, Secretary and the members of the Board and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the authorization, sale and delivery of the Bonds; nor wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Issuer or adversely affect the power of the Issuer to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, or the acquisition and construction of the Projects financed with proceeds of the Bonds which is not set forth in the Official Statement relating to the Bonds.

3. AWARD OF BONDS; SIGNATURES: Pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), the Bonds were duly and properly advertised for sale and five bids were received, the best bid being that of ABN AMRO Financial Services, Inc., all as appears from the minutes of the Issuer of its meeting of January 30, 2002, a copy of which is delivered herewith. The Bonds were thereupon awarded to ABN AMRO Financial Services, Inc. (the "Purchaser"), at the price of 100% of par ($27,800,000), plus net premium in the amount of $1,847.15 and accrued interest to the date of delivery of the Bonds in the amount of $36,016.48, total of $27,837,863.63. The Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon.

4. DELIVERY AND PAYMENT: The undersigned President did, on the date hereof, deliver to the Purchaser, through DTC, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing in each of the years 2003 to 2017, inclusive and numbered R-1 to R-15, inclusive.

At the time of delivery of the Bonds, there was paid to the Issuer the agreed price therefor as follows:

Purchase Price	$27,800,000.00
Plus accrued interest - (February 1, 2002 to February 12, 2002)	36,016.48
Net Premium	1,847.15
Total Received	$27,837,863.63

5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS: The following documents (the "Bond Documents") conform with the forms prescribed in the Resolution, the execution and delivery thereof (where applicable) having been duly authorized, and each such document requiring execution by the Issuer has been properly executed by the President, by his manual signature, in multiple counterparts thereof and the Bond Documents have not been amended, altered, supplemented, repealed, canceled, superseded or modified since authorization thereof and have been delivered to the Registrar and others:

Bond Election Order

Resolution and Order Directing Issuance of Bonds

Supplemental Resolution

Minutes (or excerpt) of Board Meetings of June 18, 2001 and October 16, 2001 and January 30, 2002

Attorney General's Approval

Affidavit of Publication of Attorney General's Approval

Official Notice of Sale

Bid of ABN AMRO Financial Services, Inc. and Other Bidders

Copy of Letter of Clerk of Supreme Court of Appeals

Affidavits of Publication of Notice of Sale

Certificate on Valuation of Taxable Property

Preliminary Official Statement

Official Statement

Tax and Arbitrage Certificate

Continuing Disclosure Agreement

Specimen Bond

Rating Letter

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since January 16, 2002, except as may be set forth in the Official Statement. There is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds or the design, acquisition, construction and equipping of the Project were authorized or adopted at meetings of the Board of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Issuer and all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected, qualified and acting boardmembers of the Issuer was present and acting at all times during all such meetings.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The Board of Education of the County of Berkeley" and it is a public corporation of the State of West Virginia, in Berkeley County of said state. The governing body of the Issuer consists of five members. The names and dates of commencement and termination of current terms of office of the members of the Issuer are as follows:

Name and Office	Date of Commencement of Office	Date of Termination of Office
Dr. William F. Queen, President	07/01/00	06/30/04
Berniece D. Collis, Vice President	07/01/98	06/30/02
Todd M. Beckwith	07/01/98	06/30/02
William H. Norris	07/01/00	06/30/04
George William Sonnik, III	07/01/98	06/30/02

The duly appointed and acting officials of the Issuer are as follows:

Manual P. Arvon, II	-	Superintendent of Schools and Secretary
James Welton, Jr.	-	Treasurer

The duly appointed and acting General Counsel for the Issuer is Laura L. Sutton, Esquire, Berkeley, West Virginia.

9. SIGNATURES: Set forth below are our true and genuine signatures.

10. DESIGNATION OF REGISTRAR AND PAYING AGENT: The Issuer hereby confirms the appointment of United National Bank, as Registrar and the West Virginia Municipal Bond Commission as Paying Agent for the Bonds.

11. OTHER DOCUMENTS: The Bond Documents and all other agreements, instruments, certificates and documents required to be executed or approved by the Issuer and delivered in order to carry out, give effect to and consummate the transactions contemplated by the Bond Documents have been duly authorized and executed or approved by the Issuer and delivered, and as of the date hereof each is in full force and effect.

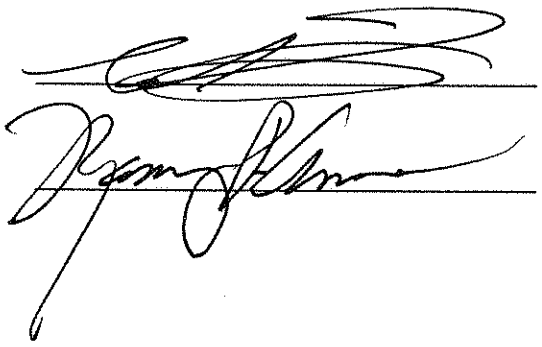
12. DISCLOSURES: The information relating to the Issuer contained in the Official Statement is true and correct in all material respects, and nothing has come to the attention of the undersigned that would lead the undersigned to believe that the Official Statement contains any untrue or misleading statement of a material fact or omits to the state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

13. SBA GRANT: The Issuer expects grants in aid of construction of the Projects from the School Building Authority of West Virginia, in the amount of $15,450,000.

14. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY on this February 12, 2002.

[SEAL]

Signature	Official Title
	President
	Secretary

02/05/02
067600.00002

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

TAX AND ARBITRAGE CERTIFICATE

I, DR. WILLIAM F. QUEEN, President of The Board of Education of the County of Berkeley, West Virginia (the "Issuer"), being an official of the Issuer duly charged with the responsibility for the issuance of the $27,800,000 Public School Bonds, Series 2002, of the Issuer, dated February 1, 2002 (the "Bonds"), hereby certify as follows, all capitalized terms used herein and not otherwise defined to have the meanings ascribed thereto in the Resolution and Order Directing Issuance of Bonds adopted by the Issuer on October 16, 2001, as supplemented and amended (collectively, the "Resolution"), pursuant to which the Bonds are issued:

A. DEFINITIONS

In addition to the terms defined in the Resolution, the following words and phrases shall have the following meanings:

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding bond year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

"**Bond Commission**" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Bond Commission.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Bonds and the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation.

"**Bond Year**" means the one-year periods during the term of the Bonds beginning on the first day of May of any calendar year and ending on the last day of April of the succeeding calendar year. The first Bond Year begins on the Date of Issue of the Bonds and ends on April 30, 2003.

"**Bond Yield**" means the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Bonds. Examples of costs of issuance include (but are not limited to):

(a) purchaser's spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Bonds;

(d) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Bonds;

(e) accountant fees related to issuance of the Bonds;

(f) printing costs (for the Bonds and of preliminary and final offering materials); and

(g) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means February 12, 2002.

"**Debt Service Account**" means the fund described in Section B(10) hereof.

"**Discharged**" means with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Investment Contracts. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The Issuer makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bonds from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The Issuer purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (1) the yield on comparable direct obligations of the United States, and (2) the highest yield published or posted by the provider to be currently available on reasonably comparable certificates of deposit.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$FV = PV(1+i)^n$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $27,801,847.15, being the initial offering price to the public at which price a substantial amount of the Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The "issue price" of the Bonds for purposes of IRS Form 8038-G, based upon the price paid to the Issuer, is $27,801,847.15

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the rebate amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the yield on an investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Project**" means the acquisition, construction, equipping, renovation and repair of certain public school buildings in Berkeley County School District.

"**Purchaser**" means ABN AMRO Financial Services, Inc.

"**Rebate Amount**" means, in respect of the bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E(3) hereof to determine the Rebate Amounts.

"**Rebate Fund**" means the fund created by the Issuer herein by that name.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that

governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest).

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Transferred Proceeds**" means Proceeds of a prior issue of bonds that have ceased to be allocated to that prior issue and are treated as Proceeds of a refunding issue under section 1.148-9 of the Regulations.

"**Transferred Proceeds of the Bonds**" means amounts that have ceased to be allocated to the Prior Bonds and are treated as Transferred Proceeds of the Bonds.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior bonds) and a refunding issue (i.e., the Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

(a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am an officer of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on February 12, 2002, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Resolution that it will not permit at any time or times any of the proceeds of the Bonds or any funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

6. The Bonds were sold and delivered on February 12, 2002, to ABN AMRO Financial Services, Inc. (the "Purchaser") for a purchase price of $27,801,847.15 (par amount of $27,800,000, plus net premium of $1,847.15), plus interest accrued thereon in the amount of $36,016.48 (total of $27,837,863.63).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys necessary (i) to pay a portion of the costs of acquisition, construction and equipping of new schools and of additions, renovations and improvements for certain existing public school buildings in Berkeley County School District (the "Project"), (ii) to capitalize interest on the Bonds, and (iii) to pay costs of issuance of the Bonds and related costs.

8. The face amount of the Bonds is $27,800,000. The sources and uses of proceeds of the Bonds is as follows:

Sources

Par amount of Bonds	$27,800,000.00
Net Premium	1,847.15
Accrued interest (February 1 to February 12, 2002)	36,016.48
Total Sources	$27,837,863.63

Uses

Accrued interest to Debt Service Account	$36,016.48
Costs of Issuance	58,000.00
Funds Available to Board for Project Costs	$27,743,847.15
Total Uses	$27,837,863.63

9. The Purchaser has stated, in its certificate, a copy of which is attached hereto as EXHIBIT C - PURCHASER'S CERTIFICATE (the "Purchaser's Certificate") that the Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Bonds, including interest accrued on the Bonds from February 1, 2002.

C. THE PROJECT AND USE OF BOND PROCEEDS

1. The proceeds of the Bonds are being used to finance the Project, to pay interest on the Bonds during the period of construction of the Project and to pay costs of issuance of the Bonds. The accrued interest on the Bonds ($36,016.48) will be deposited with the West Virginia Municipal Bond Commission and used to pay interest on the Bonds on the first interest payment date, being November 1, 2002. The remaining proceeds of the Bonds (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and expended solely for payment of costs of the Project and Costs of Issuance of the Bonds. The Issuer reasonably expects that:

(a) it will incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds within 6 months following the Date of Issue;

(b) completion of the Project and allocation of the Net Sale Proceeds to expenditures for Project costs will proceed with due diligence; and

(c) it will expend at least 85% of the Net Sale Proceeds and earnings thereon for Project costs within 5 years of the Date of Issue.

2. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer). No portion of the Bonds is issued to refund other obligations.

3. All property financed with proceeds of the Bonds will be held by or on behalf of a qualified governmental unit, and the Project will be operated solely for a public purpose as a governmental activity.

4. No portion of the Project will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

5. No portion of the payments of principal or interest will be made, financed or secured by, directly or indirectly, by payments or property used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be secured, directly or indirectly, by (i) interests in property or (ii) payments in respect of such property, which property is used or to be used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be derived, directly or indirectly by payments (whether or not to the Issuer) in respect of property or borrowed money, used or to be used in any trade or business of any persons other than the Issuer.

6. The Project is used only in activities directly related to the Issuer's exempt governmental purpose. No other person owns or uses the Project either directly or indirectly, including use through a management agreement, and neither the Issuer nor any other state or local government unit currently having ownership interest in the Project will transfer ownership of the Project while the Bonds are outstanding.

D. THE BONDS

1. The principal amounts, interest rates, yields, and interest and principal payment dates, with respect to the Bonds are set forth in EXHIBIT A hereto.

2. A Debt Service Account for the Bonds is established by the Bond Commission. Moneys deposited to the Debt Service Account, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12

of the annual debt service with respect to the Bonds or as otherwise required by law. The Bonds all bear interest at a fixed interest rate. The Debt Service Account is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All moneys held in the Debt Service Account will be used to pay debt service on the Bonds. All Sale Proceeds of the Bonds deposited in the Debt Service Account will constitute accrued interest on the Bonds and will be applied to pay interest on the Bonds on the first interest payment date, being November 1, 2002. The Debt Service Account qualifies as a Bona Fide Debt Service Fund and all moneys in the Debt Service Account will be invested without restriction as to yield and are not subject to rebate.

3. A Surplus Collections Account for the Bonds is also established by the Bond Commission. Tax levy receipts and earnings thereon in excess of the amounts necessary to pay principal of and interest on the Bonds are transferred from the Debt Service Account and accumulated in the Surplus Collections Account. Moneys in the Surplus Collections Account are used to pay debt service on the Bonds in the event that tax levies for any particular period are insufficient therefor. All moneys in the Surplus Collections Account will be invested at a yield not to exceed the yield on the Bonds.

4. No Reserve Account or similar fund is established with respect to the Bonds.

5. Other than the Debt Service Account and the Surplus Collections Account, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Bonds or which are pledged as collateral to secure repayment of Debt Service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Bonds.

6. Accrued interest with respect to the Bonds in an amount less than 6 month's interest on the Bonds will be applied within one year from the date hereof toward the payment of interest first due on the Bonds, as detailed in the Schedules. Pending such disbursement, such monies will be invested without restriction as to yield.

E. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the

amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, the Debt Service Account and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) The Issuer hereby creates the Rebate Fund to be held by a commercial bank separate and apart from all other funds and accounts of the Issuer. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Moneys so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Debt Service Account, (ii) Transferred Proceeds of the Bonds, and (iii) any other moneys held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Bonds as required by the Code and Regulations. If the Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in

calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Bonds.

F. INVESTMENT AGREEMENT

1. In the event that the Issuer invests any proceeds of the Bonds (excluding accrued interest thereon and Costs of Issuance) in an investment agreement, repurchase agreement or other investment (the "GIC"), the Issuer hereby agrees to comply with Treasury Regulations Sections 1.148-5(d)(6)(iii) and (iv) and 1.148-5(e)(iv) promulgated December 29, 1998, or any successor thereto, in connection with the GIC, including, but not limited to, preservation of the following records until 3 years following the final maturity of the Bonds:

(a) A copy of the GIC.

(b) The receipt for, or other record of, the amount paid by the Issuer for the GIC, together with a record of any administrative costs paid by the Issuer and the certification by the successful bidder, of the administrative costs paid.

(c) The name of each bidder, the time and date of each bid and the bid results.

(d) The bid solicitation form, together with an explanation (including reasons) of any deviation from the form or any modification of any bid (including a record of any substitutions of an investment in a winning bid and of how the price of the substitute investment as determined).

(e) For purchases other than GIC's, the cost of the most efficient SLGS portfolio determined at the time that bids were required to be submitted.

G. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds and refunding of the Prior Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The information set forth in EXHIBIT B - INFORMATION FOR PURPOSES OF IRS FORM 8038-G, attached hereto, is true and correct, and may be relied upon by Bond Counsel in its preparation of IRS Form 8038-G.

3. None of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

6. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

7. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

8. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

9. In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Bonds.

10. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

11. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

12. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

(a) the payment of costs of acquisition, construction and equipping of the Project;

(b) the payment of pre-issuance accrued interest on the Bonds from February 1, 2002, to the date hereof;

(c) the payment of the Costs of Issuance of the Bonds;

(d) amounts deposited in the Debt Service Account (including investment earnings thereon) to pay debt service on the Bonds; and

(e) qualified guarantee fees (within the meaning of the Regulations) for the Bonds or the Prior Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

13. The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

14. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

15. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

16. The Issuer shall comply with all yield restrictions on Bond proceeds as set forth in the Code.

17. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution.

18. The Bonds are a fixed yield issue. No interest or other amount payable on any of the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

19. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the Issuer's expectations as of the issue date. In accordance therewith, the undersigned President of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Tax and Arbitrage Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Bonds.

20. To the best of my knowledge, information and belief there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

21. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

22. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Bonds from gross income of the recipients thereof for federal income tax purposes.

23. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I have set my hand this February 12, 2002.

THE BOARD OF EDUCATION OF
THE COUNTY OF BERKELEY

By _____
Its President

02/04/02
067600.00002

CH500837.1

EXHIBIT A

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)

$27,800,000
Public School Bonds, Series 2002

BOND NO.	CUSIP	Principal Amount	Maturity Date (May 1)	Interest Rate
R-1	084239 DZ2	$ 1,015,000	May 1, 2003	3.000%
R-2	084239 EA6	1,390,000	May 1, 2004	3.000
R-3	084239 EB4	1,455,000	May 1, 2005	3.000
R-4	084239 EC2	1,525,000	May 1, 2006	3.750
R-5	084239 ED0	1,600,000	May 1, 2007	4.000
R-6	084239 EE8	1,675,000	May 1, 2008	4.000
R-7	084239 EF5	1,755,000	May 1, 2009	4.125
R-8	084239 EG3	1,840,000	May 1, 2010	4.125
R-9	084239 EH1	1,925,000	May 1, 2011	4.300
R-10	084239 EJ7	2,015,000	May 1, 2012	4.350
R-11	084239 EK4	2,110,000	May 1, 2013	4.375
R-12	084239 EL2	2,210,000	May 1, 2014	4.500
R-13	084239 EM0	2,315,000	May 1, 2015	5.000
R-14	084239 EN8	2,425,000	May 1, 2016	5.000
R-15	084239 EP3	2,545,000	May 1, 2017	5.000

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document Number 25]

EXHIBIT C - PURCHASER'S CERTIFICATE

[Included in Transcript as Document Number 16]

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CERTIFICATE OF ISSUER AND ARCHITECT

The undersigned DR. WILLIAM F. QUEEN, President of The Board of Education of the County of Berkeley, West Virginia (the "Issuer"), and N. KENT GANDEE, a licensed architect of the State of West Virginia, Certificate of Professional Registration number 682, of Gandee Planning Group, LLC, Charleston, West Virginia (the "Architect"), hereby certify as follows relative to the use of the proceeds of the Issuer's $27,800,000 Public School Bonds, Series 2002, dated February 1, 2002 (the "Bonds"):

1. The proceeds of the Bonds are being used to finance the acquisition of sites and the acquisition, construction, and equipping of two new schools and the renovation, expansion and improvement of certain existing schools (collectively, the "Project") and to pay costs of issuance of the Bonds. The accrued interest on the Bonds ($36,016.48) will be deposited with the West Virginia Municipal Bond Commission and used to pay a portion of the interest on the Bonds on the first interest payment date, being November 1, 2002. The remaining proceeds of the Bonds in the amount of $27,801,847.15 (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and, together with earnings thereon, expended solely for payment of costs of the Project and costs of issuance of the Bonds.

2. Due to the large number of construction contracts included within the Project and the substantial period of time needed to negotiate and acquire properties necessary for the Project, the Issuer and the Architect reasonably expect that it will take more than 3 years, but not more than 5 years, from the date of delivery of the Bonds (February 12, 2002) to fully complete the Project.

3. The Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds within 6 months of February 12, 2002.

4. The completion of the Project and allocation of the Net Sale Proceeds of the Bonds to expenditures for Project costs will proceed with due diligence until completion of the Project.

5. The Issuer and the Architect reasonably expect that the Issuer will expend at least 85% of the Net Sale Proceeds and earnings thereon for costs of the Project within 5 years of February 12, 2002, as shown on the Estimated Construction Draw Schedule attached hereto as Exhibit A, and incorporated by reference herein.

WITNESS our respective signatures this February 12, 2002.

THE BOARD OF EDUCATION OF
THE COUNTY OF BERKELEY

By: _____
Its: President

GANDEE PLANNING GROUP, LLC

By: _____
Its: Member

02/11/02
067600.00002

Board of Canvassers' Certificate of Votes Cast
for SPECIAL SCHOOL BOND ELECTION

Office of County Commission, OCTOBER 5, 2001

MARTINSBURG, BERKELEY County, West Virginia

To BOARD OF EDUCATION
Secretary of State, Circuit Clerk, or Chairman

The Board of Canvassers of the County of BERKELEY, State of West Virginia, having carefully and impartially examined the returns of the Election held in said county, in each district thereof, on the 29TH day of SEPTEMBER, 2001, do hereby certify that in said County for the office of SPECIAL SCHOOL BOND

FOR THE BOND	Received	THREE THOUSAND FIVE HUNDRED FOURTEEN	(3,514)	Votes
AGAINST THE BOND	Received	TWO THOUSAND FORTY ONE	(2,041)	Votes
	Received		( )	Votes
	Received		( )	Votes
	Received		( )	Votes
	Received		( )	Votes
	Received		( )	Votes
	Received		( )	Votes
	Received		( )	Votes
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For the office of .....

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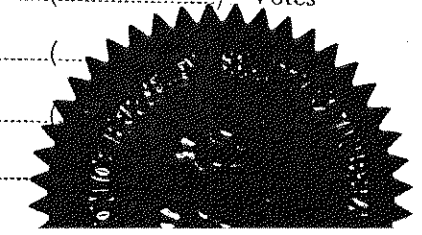


STC 12:40 (12/99)

CERTIFICATE OF VALUATION

Berkeley County Board of Education — Berkeley
(Levying Body) — (County)

TO: Mr. Manny Arvon, Superintendent
(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for the assessment year 2000.

	Column A Assessed Value Including Back Tax And New Property (Total)	Column B All Other Exempt Value (excluding P U)	Column C Gross Assessed (Col A Plus Col B)	Column D Homestead Exempt Value	Column E Assessed Valuation For Tax Purposes (w/o Homestead & Exempt) (Col A Minus Col D)
Class I					
Personal Property	104,719,786		104,719,786		104,719,786
Public Utility Property	1,827,310		1,827,310		1,827,310
Total Class I	106,547,096		106,547,096		106,547,096
Class II					
Real Estate	1,108,568,228	5,660,291	1,114,228,519	91,132,874	1,017,435,354
Personal Property	10,758,636		10,758,636	1,423,112	9,335,524
Total Class II	1,119,326,864	5,660,291	1,124,987,155	92,555,986	1,026,770,878
Class III					
Real Estate	304,764,038	38,494,158	343,258,196		304,764,038
Personal Property	272,031,859		272,031,859		272,031,859
Public Utility Property	68,983,475		68,983,475		68,983,475
Total Class III	645,779,372	38,494,158	684,273,530		645,779,372
Class IV					
Real Estate	158,660,747	5,479,249	164,139,996		158,660,747
Personal Property	74,587,721		74,587,721		74,587,721
Public Utility Property	27,202,858		27,202,858		27,202,858
Total Class IV	260,451,326	5,479,249	265,930,575		260,451,326
TOTAL FOR LEVYING BODY	2,132,104,658	49,633,698	2,181,738,356	92,555,986	2,039,548,672

Given under our hands this 5th day of March, 2001.

[signature] County Clerk

Evelyn M. Fink Assessor

NOTE: The above certificate must be in the hands of the levying body no later than March 3. (Section 6, Article 3, Chapter 11, Code of 1931, as amended.) The Assessor is required to certify the valuation of real estate and personal property and the County Clerk is required to certify the value of public utility property as assessed by the Board of Public Works. To avoid confusion this joint certificate is to be used.

This is a four-part form. When completed, submit white copy to the levying body, yellow copy to the Department of Tax and Revenue, Property Tax Division, P.O. Box 2389, Charleston, WV 25328-2389, green copy to the State Auditor's Office, Chief Inspector Division, Building 1, Room W-420, Charleston, WV 25305, and retain pink copy for your office file. A photocopy of the Board of Education only should be forwarded to the State Department of Education.

White Copy - Levying Body
Yellow Copy - Tax Dept.
Green Copy - Auditor's Office
Pink Copy - Retain
Photocopy - Board of Ed. only - State Dept. of Education

NCF 5641 - 1/21/0[illegible]

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CERTIFICATE OF BONDED INDEBTEDNESS

I, DR. WILLIAM F. QUEEN, President of the Board of Education of Berkeley County, hereby certify that the Berkeley County School District had outstanding bonded indebtedness of $13,690,000 as of June 18, 2001, the date on which said Board entered an order submitting the question of issuance of $27,800,000 Public School Bonds, Series 2002, to an election (which election was held September 29, 2001, and resulted in approval of the voters of Berkeley County School District of issuance of such Bonds).

I hereby further certify that the assessed valuation of taxable property in Berkeley County School District at said date was $2,039,548,672 and 5% thereof is $101,977,433, and that the total outstanding bonded indebtedness of Berkeley County School District on the date hereof is $41,490,000.

WITNESS my signature and the seal of said Board on this February 12, 2002.

President

02/12/02
067600.00002

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

PURCHASER'S CERTIFICATE

The undersigned, Judy Seidel, Syndicated Associate of ABN AMRO Financial Services, Inc., purchaser (the "Purchaser") of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. At least 10% of the Bonds have been the subject of an initial offering and sale to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Official Form of Proposal dated January 30, 2002, by the Purchaser and accepted by The Board of Education of The County of Berkeley, West Virginia (the "Issuer"), at prices no higher than or yields no lower than, those shown on the inside cover of the Official Statement, dated February 1, 2002, relating to the Bonds, including interest accrued on the Bonds from February 1, 2002, to the date of delivery thereof. We have made a bona fide public offering of all Bonds at the public offering price.

2. As calculated by us, the weighted average maturity of the Bonds is 9.167 years, the net interest cost on the Bonds is 4.5147%, the yield on the Bonds is 4.4799% and the issue price of the Bonds is $27,801,847.15.

3. This certificate may be relied upon by the Issuer with respect to the Tax and Non-Arbitrage Certificate relating to the Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Bonds.

Dated: February 12, 2002.

ABN AMRO FINANCIAL SERVICES, INC.

By: Judy Seidel
Its: Syndicated Associate

02/04/02
067600.00002

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CERTIFICATE OF REGISTRAR

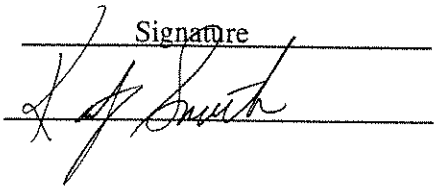
The undersigned Kathy Smith, Vice President and Trust Officer, of United National Bank, Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution and Order Directing Issuance of Bonds of The Board of Education of the County of Berkeley (West Virginia) (the "Issuer") adopted October 16, 2001, as supplemented and amended (the "Resolution"):

1. The Bank is a national banking association, duly organized and validly existing under the laws of the United States of America, and in good standing under the laws of the State of West Virginia, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacities of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President & Trust Officer	

5. The Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Resolution.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, principal amounts, maturity dates and interest rates of the Bonds.

IN WITNESS WHEREOF, United National Bank, has caused this Certificate to be executed by a duly authorized officer, this February 12, 2002.

UNITED NATIONAL BANK

By: _____

Its: Vice President and Trust Officer

02/01/02
067600.00002

EXHIBIT A

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

BOND NO.	CUSIP	Principal Amount	Maturity Date (May 1)	Interest Rate
R-1	084239 DZ2	$ 1,015,000	May 1, 2003	3.000%
R-2	084239 EA6	1,390,000	May 1, 2004	3.000
R-3	084239 EB4	1,455,000	May 1, 2005	3.000
R-4	084239 EC2	1,525,000	May 1, 2006	3.750
R-5	084239 ED0	1,600,000	May 1, 2007	4.000
R-6	084239 EE8	1,675,000	May 1, 2008	4.000
R-7	084239 EF5	1,755,000	May 1, 2009	4.125
R-8	084239 EG3	1,840,000	May 1, 2010	4.125
R-9	084239 EH1	1,925,000	May 1, 2011	4.300
R-10	084239 EJ7	2,015,000	May 1, 2012	4.350
R-11	084239 EK4	2,110,000	May 1, 2013	4.375
R-12	084239 EL2	2,210,000	May 1, 2014	4.500
R-13	084239 EM0	2,315,000	May 1, 2015	5.000
R-14	084239 EN8	2,425,000	May 1, 2016	5.000
R-15	084239 EP3	2,545,000	May 1, 2017	5.000

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CERTIFICATE OF PAYING AGENT

The undersigned R. WITTER HALLAN, Executive Director of the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Bond Commission"), hereby certifies as follows:

1. I am the duly appointed Executive Director of the Bond Commission.

2. The Bond Commission has duly authorized, by all necessary action, the acceptance of all duties of the Paying Agent for the above-captioned Bonds (the "Bonds") under the Resolution and Order pursuant to which they were issued, dated October 16, 2001.

WITNESS my signature this February 12, 2002.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By _____
R. Witter Hallan
Executive Director

02/05/02
067600.00002

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

RULE 15c2-12 CERTIFICATE
OF
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)

The undersigned hereby certifies and represents to ABN AMRO Financial Services, Inc. (the "Original Purchaser") that he is the duly elected and acting President of THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY (West Virginia) (the "Board"), authorized to execute and deliver this Certificate and further certifies on behalf of the Board to Ferris, Baker Watts, Incorporated.

(1) This Certificate is delivered to enable the Financial Advisor and the Original Purchaser to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the issuance of The Board of Education of the COUNTY OF BERKELEY (West Virginia) Public School Bonds, Series 2002 (the "Bonds").

(2) In connection with the issuance of the Bonds, there has been prepared a Preliminary Official Statement, dated January 16, 2002, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement with such changes as have been agreed to by the parties is, except for the Permitted Omissions, deemed final within the meaning of the Rule as of this date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the award of Bonds, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in

light of the circumstances under which they were made, not misleading, the Board shall promptly notify the Financial Advisor and Original Purchaser thereof.

(6) The Board hereby agrees to deliver to the Financial Advisor and Original Purchaser within seven (7) business days after the award of the Bonds to the Original Purchaser, a final Official Statement pursuant to paragraph (b)(3) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of this February 12, 2001.

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY

By _____
President

02/05/02
067600.00002

CH500869.1

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

February 12, 2002

$27,800,000
The Board of Education of the County of Berkeley (West Virginia)
Public School Bonds, Series 2002

The Board of Education of the
County of Berkeley
Martinsburg, West Virginia

ABN AMRO Financial Services, Inc.
Chicago, Illinois

Financial Guaranty Insurance Company
New York, New York 10017

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $27,800,000 Public School Bonds, Series 2002 (the "Bonds"), of Berkeley County School District, by and through The Board of Education of the County of Berkeley, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated February 1, 2002, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2002, and are subject to redemption prior to maturity at the times and prices as set forth in the Official Statement of the Issuer, dated February 1, 2002.

The Bonds were authorized at an election held in Berkeley County School District on September 29, 2001, and by a resolution and order adopted by the Issuer on October 16, 2001, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation and repair of certain public school buildings, together with the sites thereof and all necessary appurtenances, in Berkeley County School District, and paying costs of issuance of the Bonds.

TERRALEX
Member of the Worldwide Network of Independent Law Firms SM

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications made in connection with the issuance of the Bonds, we are of the opinion that, under existing law:

1. The Issuer is a school district presently existing under the laws of, and a political subdivision of, the State of West Virginia, with full power and authority to adopt the Resolution and to issue and sell the Bonds under the provisions of the Act and other applicable provisions of law.

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Berkeley County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds.

4. Under the Act, the Bonds are exempt from all taxation by the State of West Virginia or by any political subdivision thereof.

In expressing this opinion, we have considered the litigation instituted in certain states including the State of West Virginia, such as Pauley v. Bailey, 324 S.E.2d 128 (W.Va. 1984), challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes, including certain proceedings commenced in 1994 to enforce the Bailey decision, and in our opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Berkeley County, West Virginia, for the payment of the Bonds,

BERKELEY COUNTY SCHOOLS
Better Students = Better Futures

Berkeley County Schools
Manny P. Arvon, Superintendent

401 South Queen Street · Martinsburg, West Virginia 25401
Phone: (304) 267-3500 · Fax (304) 267-3524

February 12, 2002

$27,800,000
The Board of Education of the County of Berkeley (West Virginia)
Public School Bonds, Series 2002

The Board of Education of
the County of Berkeley
Berkeley, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

ABN AMRO Financial Services, Inc.
Chicago, Illinois

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

I am the General Counsel to the Board of Education of the City of Berkeley (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"). Any capitalized terms used herein and not defined shall have the meanings set forth in the Resolution and Order Directing Issuance of Bonds, duly adopted by the Issuer on October 16, 2001, as supplemented and amended (the "Resolution").

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), the Resolution, the Preliminary Official Statement dated January 16, 2002, and the Official Statement dated January 30, 2002, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

ADMINISTRATIVE OFFICES
Federal Programs · Finance · Food Services · Human Resources
Instruction · Legal Services · Printing Department · Pupil Services · Research and Technology

1. The Issuer is a duly organized and validly existing school board under and pursuant to the Constitution and laws of the State of West Virginia, with full legal right, power and authority to adopt the Resolution, to pledge the security as set forth in the Resolution, to issue, sell and deliver the Bonds to the purchaser thereof, to own and operate the public school facilities of Berkeley County and conduct the business thereof as set forth in and contemplated by the Official Statement and to carry out, give effect to and consummate the transactions contemplated by the Bonds, the Resolution and the Official Statement.

2. The Bonds have been duly authorized, executed and delivered by, and the Resolution has been duly adopted by, and each constitutes a legal, valid and binding agreement and obligation enforceable in accordance with its terms of, the Issuer, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights from time to time in effect.

3. The Issuer has duly authorized the execution, delivery and distribution of the Preliminary Official Statement and the Official Statement.

4. The Issuer is not in breach of or in default under any constitutional provision, applicable law or administrative rule or regulation of the State of West Virginia, the United States, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of the properties or assets of the public school facilities of Berkeley County are otherwise subject or bound, which breach or default, in any material way, directly or indirectly, would affect operation thereof, the issuance, execution or delivery of the Bonds or the validity thereof, the validity or enacting of the Resolution or the execution or delivery of the Official Statement or the other instruments contemplated by any of such documents to which the Issuer is a party; and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default; and the adopting of the Resolution, and the execution and delivery of the Bonds, the Preliminary Official Statement or the Official Statement and the other documents and instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any constitutional provision, applicable law or administrative rule or regulation of the State of West Virginia, the United States, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of the properties or assets of the Issuer are otherwise subject or bound.

5. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction, which would constitute conditions precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Resolution or the Bonds have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no opinion is hereby expressed.

6. No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to our knowledge, threatened in any way questioning or affecting the existence of the Issuer, or the titles of the officers and members of the Issuer to their respective offices, challenging the validity of the primary election held September 29, 2001, whereby the voters of Berkeley County, West Virginia, approved issuance of the Bonds and acquisition and construction of the Project, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the collection or application of the ad valorem taxes of Berkeley County, West Virginia and any other assets pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or any action of the Issuer contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or contesting the powers or authority of the Issuer, with respect to the issuance, sale or delivery of the Bonds, the adoption of the Resolution, or the execution and delivery of the Bonds, or any action on the part of the Issuer which would adversely affect the exemption of interest to be paid on the Bonds from federal income taxation, nor to my knowledge is there any basis therefor.

7. The Issuer expects to receive grants in aid of construction of the Projects from the School Building Authority of West Virginia, in the amount of $15,450,000.

8. Without having made any independent investigations of the operation or affairs of the Issuer, or any independent verification of the statements of fact contained in the Official Statement including the appendices thereto, the Official Statement (except as to any financial and statistical data contained in the Official Statement, as to which no opinion or belief is hereby expressed) does not contain any untrue statement of a material fact or omit to state a material fact which, in our judgment, is required to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

LAURA L. SUTTON, GENERAL COUNSEL

BERKELEY COUNTY SCHOOLS
Martinsburg, West Virginia

REGULAR BOARD OF EDUCATION MEETING
Monday, June 18, 2001, 6:00 P.M.

The Board of Education of the County of Berkeley met in Regular Session on Monday, June 18, 2001, beginning at 6:00 P.M., at the Central Office in the Dr. N. Blaine Groves Board Room, with the following persons present:

Dr. William F. Queen, President
Mrs. Berniece D. Collis, Vice President
Mr. Todd M. Beckwith, Member
Mr. George Wm. Sonnik, III, Member
Mr. William H. Norris, Member

Mr. Manny P. Arvon, Superintendent
Mr. James R. Welton, Jr., Asst. Supt., Business Manager / Treas.
Mrs. Barbara A. Pitzer, Executive Secretary

Mrs. Pam Arvon
Mr. Trey Arvon
Mrs. Jean Arvon
Mr. Manuel P. Arvon
Mr. Marc Arvon
Mrs. Debra Arvon
Mr. Vic Arvon
Mr. Chase Arvon
Mrs. Terry Lamp
Mrs. Karen Dutterer
Ms. Whitney Queen
Mr. Ken Pack
Mr. George Michael
Mrs. Laura Sutton
Student Matter No. 00-01-21 and Parent

Mrs. Nancy Hovatter
Mr. Larry Hitt
Ms. Linda Kelso
Mr. David Kenney
Mr. Don Zepp
Ms. Sharon Orr
Mr. Dave McMillion
Mr. Mark E. Barrow

President Queen called the meeting to order. The following business was transacted:

I. APPROVAL OF AGENDA

Motion was made by Mr. Sonnik, seconded by Mrs. Collis, to approve the agenda as amended as follows: (1) under Item VIII. Consent, Item (a) Budget Supplement and Transfers, add an additional budget supplement; (2) under Item XI. Personnel, add Item (b) Personnel Addendum; and Item (c) Executive Session, as authorized under Section 6-9A-4 of the West Virginia Code, to discuss personnel. Motion carried unanimously. Att. #1

II. OATH OF OFFICE / SUPERINTENDENT

The Oath of Office for Superintendent of Berkeley County Schools for the term beginning July 1, 2001 and ending June 30, 2005, was administered to Mr. Manuel P. Arvon, II, by Judge Gray Silver, III, of the 23rd Judicial Circuit of the State of West Virginia . Congratulations were extended by the Board, administration, family and friends. Att. #2

III. EXECUTIVE SESSION

Motion was made by Mr. Sonnik, seconded by Mr. Norris, to go into Executive Session at 6:12 P.M., as authorized under Section 6-9A-4 of the West Virginia Code to conduct a student hearing. Motion carried unanimously. Mr. James Welton served as Hearing Officer. The Board returned to Regular Session at 6:38 P.M. A student hearing was conducted.

IV. STUDENT MATTER NO. 00-01-21

Upon Superintendent's recommendation, motion was made by Mrs. Collis, seconded by Mr. Norris, that Student Matter No. 00-01-21 be expelled from school and assigned to the Transitional School for one school year; shall also enroll in the summer school program; shall be required to complete a drug counseling program before reentering regular school; and shall not enter school property for any purpose during the period of expulsion, except to attend an alternative program of education. Motion carried unanimously.

V. CITIZENS' FORUM

Mr. Larry Hitt, Principal, Tuscarora Elementary School, announced that Tuscarora Elementary School will be awarded $194,158.00 in grant monies this summer from the Technology Literacy Challenge Fund which is a federal grant program designed to help stimulate integrating technology into teaching and learning to help ensure that all students are technologically literate by the dawn of the 21st century.

VI. CONSENT:

(a) Financial Report
(b) Invoices
(c) Budget Supplement and Transfers
(d) Use of School Property Requests
(e) Minutes of June 4, 2001
(f) Student Transfer Requests Nos. OC-01-02-52 through OC-01-02-56

Motion was made by Mr. Sonnik, seconded by Mr. Beckwith, to approve the Consent Agenda as amended as follows: (a) Financial Report (current reports on file in Finance Department); (b) Invoices (current invoices on file in Finance Department); (c) Budget Supplement and Transfers (plus an additional budget supplement)- Att. #3; (d) Use of School Property Requests - Att. #4; (e) Minutes of June 4, 2001; and (f) Student Transfer Requests Nos. OC-01-02-52 through OC-01-02-56. Motion carried unanimously.

VII. APPROVAL OF BOND CALL

President Queen shared the Berkeley County Board of Education Order Directing Election. Motion was made by Mr. Beckwith, seconded by Mrs. Collis, to approve the Berkeley County Board of Education Order Directing Election as outlined. Motion carried unanimously. A Special School Bond Election will be held on Saturday, September 29, 2001, in Berkeley County, West Virginia.

VIII. BID ACCEPTANCE FOR TUSCARORA ELEMENTARY SCHOOL HVAC AND BID PACKAGE APPROVAL FOR WEST CENTRAL INTERMEDIATE SCHOOL

Motion was made by Mr. Sonnik, seconded by Mrs. Collis, to accept the bid from R. H. Lapp & Sons, Inc. in the amount of $72,596.00 for the rooftop units at Tuscarora Elementary School. Motion carried unanimously.

Motion was made by Mr. Beckwith, seconded by Mr. Sonnik, to approve the bid summary for West Central Intermediate School as presented subject to School Building Authority approval. Motion carried unanimously. Att. #5

IX. TREASURER'S REPORT

Motion was made by Mr. Sonnik, seconded by Mr. Beckwith, to accept the Treasurer's Report for the month ending May 31, 2001 as presented. Motion carried unanimously. Att. #6

X. APPROVAL OF MARTINSBURG HIGH SCHOOL RECREATION PROGRAM

Upon Superintendent's recommendation, motion was made by Mr. Beckwith, seconded by Mrs. Collis, to approve the request from Martinsburg High School as per correspondence from Mr. Ken Pack dated June 11, 2001 allowing Dave Rogers, Rodney Davis, Bruce Fowler, and Richard Moore to organize and supervise a recreation program at Martinsburg High School. Discussion followed. Motion carried unanimously.

XI. BOARD REVIEW OF THE TOBACCO & SUBSTANCE ABUSE POLICY AND DRUG-FREE WORKPLACE POLICY

Prior to the submission of the Safe and Drug Free Schools grant application on June 29th, the Berkeley County Board of Education reviewed the Tobacco and Substance Abuse Policy and the Drug-Free Workplace Policy. Discussion followed.

XII. BUILDING PROGRAM UPDATE

A building program update was provided by Mr. Don Zepp. Discussion followed.

XIII. PERSONNEL ACTIONS

In the absence of Mr. Deuell, Superintendent Arvon presented and discussed the professional and service personnel actions dated June 18, 2001. Changes were noted as follows: under Item B. Professional Appointments, table Mr. Gino Marchese; and under Item D. Service Change of Service, add an effective ending date of June 30, 2002, for Patricia Richards. Upon Superintendent's recommendation, motion was made by Mrs. Collis, seconded by Mr. Sonnik, to approve the professional and service personnel actions dated June 18, 2001 as amended. Motion carried unanimously. Att. #7

XIV. PERSONNEL ADDENDUM

Superintendent Arvon presented and discussed the personnel addendum. He complimented those employees listed for their outstanding job performances. Upon Superintendent's recommendation, motion was made by Mrs. Collis, seconded by Mr. Beckwith, to approve the professional personnel actions addendum dated June 18, 2001 as presented. Motion carried unanimously. Att. #8

XV. SUPERINTENDENT'S UPDATE

Superintendent Arvon discussed the following (1) the upcoming Bond Call; (2) completion of another successful school year and the graduation ceremonies; and (3) the State Superintendents' Conference scheduled for Wednesday through Friday, June 20-22, 2001 in Beckley.

XVI. BOARD UPDATE

None was provided.

XVII. EXECUTIVE SESSION

Motion was made by Mr. Sonnik, seconded by Mr. Beckwith, to go into Executive Session at 7:42 P.M., as authorized under Section 6-9A-4 of the WV Code to discuss personnel. Motion carried unanimously. The Board returned to Regular Session at 8:29 P.M. Personnel was discussed.

XVIII. ADJOURNMENT

There being no further business, motion was made by Mr. Sonnik, seconded by Mr. Norris, to adjourn at 8:30 P.M. Motion carried unanimously.

PRESIDENT _____

SECRETARY _____

APPROVED 9-2-01

BERKELEY COUNTY SCHOOLS
Martinsburg, West Virginia

REGULAR BOARD OF EDUCATION MEETING
Tuesday, October 16, 2001, 7:00 P.M.

The Board of Education of the County of Berkeley met in Regular Session on Tuesday, October 16, 2001, at 7:00 P.M., at the Central Office in the Dr. N. Blaine Groves Board Room with the following persons present:

Dr. William F. Queen, President
Mrs. Berniece D. Collis, Vice President
Mr. Todd M. Beckwith, Member
Mr. George Wm. Sonnik, III, Member
Mr. William H. Norris, Member

Mr. Manny P. Arvon, Superintendent
Mr. Frank Aliveto, Deputy / Assistant Superintendent
Mr. James R. Welton, Jr., Asst. Supt., Bus. Manager / Treasurer
Mr. David R. Deuell, Assistant Superintendent
Mrs. Barbara A. Pitzer, Executive Secretary

Ms. Jeanette Sites
Mr. Dennis Mongan
Ms. Janine Mongan
Mr. Mark Barrow
Ms. Diana Barrow
Ms. Holly Barrow
Mr. Lawrence Hitt
Ms. M. J. Rinard
Ms. Dolly Donaldson
Ms. Kathy Jo Zier

Ms. Donna Giguet
Ms. Debra LeMaster
Ms. Lori Hartsog
Mr. Jerry Hartsog
Ms. Valerie Spataro
Ms. Holly Branch
Ms. Tracy Heck
Ms. Collette Caniford
Mr. Thomas E. Fletcher
Ms. Mary Jo Brown
Ms. Linda Kelso
Mr. Fred Johnson
Ms. Sally A. Greenfield
Mr. Jim Davey
Ms. Clifford J. Arntz
Mr. Ron Lyons
Ms. Laura Winters
Ms. Sabrina Merrill
Ms. Chris Ceschetta
Ms. Joyce F. Kees
Ms. Jaclyn Kees
Ms. Sherry Lynn Myers
Mr. James Kees

President Queen called the meeting to order. The following business was transacted:

I. WELCOME AND INTRODUCTION OF GUESTS

Guests were welcomed by President Queen and asked to sign the guest register.

II. APPROVAL OF AGENDA

Motion was made by Mr. Beckwith, seconded by Mr. Sonnik, to approve the agenda as amended as follows: under Item IX. Personnel, change Item (a) to Executive Session, as authorized under Section 6-9A-4 of the WV Code, to discuss personnel, and change Items (a) and (b) to (b) and (c). Motion carried unanimously. Att. #1

III. DISTINGUISHED SERVICE AWARD

Mr. Larry Hitt introduced Ms. Collette Caniford, Secretary, Tuscarora Elementary School, as the recipient of the Distinguished Service Award for the month. President Queen congratulated Ms. Caniford for her years of outstanding service to Berkeley County Schools and presented her with a plaque.

IV. VOLUNTEER OF THE MONTH

Mr. Fred Johnson, Principal, Valley View Elementary School, introduced Ms. Sandra Arntz as the recipient of the Volunteer of the Month award. President Queen thanked Ms. Arntz for her dedicated service to Berkeley County Schools and presented her with a plaque.

V. CITIZENS' FORUM

Ms. Linda Kelso spoke on behalf of the Berkeley County Education Association and requested that agreements be in writing in order to avoid misunderstandings. Examples of this included the waiving of the eighteen-hour staff development and the proposed insurance benefit.

VI. CONSENT:

(a) Monthly Financial Report
(b) Invoices
(c) Budget Supplements
(d) Use of School Property
(e) Curricular & Extra-Curricular Trip Requests
(f) Student Transfer Request Nos. OC-01-02-71 through OC-01-02-74
(g) Policies for Comment and Review
(h) Chaperones

Motion was made by Mr. Beckwith, seconded by Mrs. Collis, to approve the Consent Agenda as presented as follows: (a) Monthly Financial Report (current financial reports on file in Finance Department); (b) Invoices (current invoices on file in Finance Department); (c) Budget Supplements - Att. #2; (d) Use of School Property - Att. #3; (e) Curricular & Extra-Curricular Trip Requests - Att. #4; (f) Student Transfer Request Nos. OC-01-02-71 through OC-01-02-74; (g) Policies for Comment and Review (1) Collection of Delinquent Food Service Accounts - EEA, (2) Critical Need / Shortage - Substitute Teachers - GAB, and (3) Berkeley County Schools Acceptable Use Policy - JT; and (h) Chaperones for Back Creek Valley Elementary, Bedington Elementary, Berkeley Heights Elementary, Bunker Hill Elementary, Eagle School Intermediate; Hedgesville Elementary, Mill Creek Intermediate,

VI. CONSENT (continued)

Opequon Elementary, Rosemont Elementary, Valley View Elementary, and Winchester Avenue Elementary. Motion carried unanimously. Att. #5

VII. ADOPTION OF POLICIES / PROCEDURES

Mr. Aliveto presented and discussed the policy, Lesson Planning - IKI, which had been sent out for comment and review. Discussion followed. Changes were noted. Motion was made by Mr. Sonnik, seconded by Mr. Norris, to table the policy, Lesson Planning - IKI until the first meeting in November. Motion carried unanimously.

The following policies which had been sent out for comment and review were presented and discussed by Mr. Aliveto and Mr. Deuell: Special Education Policy / Procedures - IL; Student Identification - JD; Student Identification - JD-A (procedure); Personnel Identification - GE; and Personnel Identification - GE-A (procedure). Discussion followed. Motion was made by Mr. Norris, seconded by Mrs. Collis, to approve the policies as presented. Motion carried unanimously.

VIII. DECLARE VANVILLE/STOKES SCHOOL PROPERTY SURPLUS

Mr. Welton presented and discussed the Vanville/Stokes property. Motion was made by Mr. Sonnik, seconded by Mr. Norris, to declare the Vanville/Stokes property surplus to be sold at public auction. Discussion followed. Motion carried unanimously. A minimum bid will be set.

IX. AFTER-SCHOOL RECREATION PROGRAM

Mr. Aliveto presented correspondence from Mr. Ken Pack, Principal, Martinsburg High School, requesting permission to operate an after-school recreation program. Upon Superintendent's recommendation, motion was made by Mr. Beckwith, seconded by Mr. Norris, to approve the request for an after-school recreation program at Martinsburg High School. Discussion followed. Motion carried unanimously. Att. #6

X. TREASURER"S REPORT

Mr. Welton presented and discussed the Treasurer's Report for the month ending September 30, 2001. Motion was made by Mr. Beckwith, seconded by Mr. Norris, to accept the Treasurer's Report as presented. Motion carried unanimously. Att. #7

XI. ADOPT BOND RESOLUTION

Via speaker phone, Mr. Vince Collins presented and discussed the Resolution and Order Directing Issuance of Bonds. Discussion followed. Motion was made by Mr. Beckwith, seconded by Mr. Sonnik, to approve the Resolution and Order Directing Issuance of Bonds dated October 16, 2001 as presented. Motion carried unanimously. Att. #8

XII. EXECUTIVE SESSION

Motion was made by Mr. Sonnik, seconded by Mrs. Collis, to go into Executive Session at 8:09 P.M., as authorized under Section 6-9A-4 of the WV Code, to discuss personnel. Motion carried unanimously. The Board returned to Regular Session at 8:22 P.M. Personnel was discussed.

XIII. PERSONNEL ACTIONS

Mr. Deuell presented and discussed the professional and service personnel actions. Under professional appointments, Megan Pearrell was removed from the list. Upon Superintendent's recommendation, motion was made by Mr. Beckwith, seconded by Mr. Norris, to approve the professional and service personnel actions dated October 16, 2001, as amended. Motion carried unanimously. Att. #9

XIV. EMPLOYEE BENEFITS

An employee benefit that would help pay a portion of the PEIA premium for employees was discussed. Motion was made by Mr. Sonnik, seconded by Mr. Beckwith, to provide the stated benefit of $12.00 per month for professional employees and $6.50 per month for service personnel for either PEIA or the optional life at an estimated cost of $163,000.00 per year. Discussion followed. Motion carried unanimously.

XV. SUPERINTENDENT'S UPDATE

Superintendent Arvon credited the success of the school bond election to school employees, business partnerships, senior citizens, and the voters of Berkeley County. Recognition will be given to those who contributed significantly to the successful passage of the bond at the regular board of education meeting on November 5, 2001.

XVI. BOARD UPDATE

The bond election was discussed. Dr. Queen reminded the Board of the Presidents' Retreat in Parkersburg on November 2 and 3, 2001. It was announced that Ms. Leda Williams, MMI Teacher at Musselman Middle School, passed away.

XVII. ADJOURNMENT

There being no further business, motion was made by Mr. Sonnik, seconded by Mrs. Collis, to adjourn at 8:37 P.M. Motion carried unanimously.

PRESIDENT _____

SECRETARY _____

APPROVED 11-5-01

CERTIFICATE

Certified a true and correct copy of the minutes of June 18, 2001 approving the Berkeley County Board of Education Order Directing Election and a true and correct copy of the minutes of October 16, 2001 approving the Board of Education of the County of Berkeley Resolution and Order Directing Issuance of Bonds.

Manny P. Arvon, Secretary
Berkeley County Board of Education

STATE OF WEST VIRGINIA:
BERKELEY COUNTY, to-wit:

Given under my hand this 7th day of November, 2001.

Notary Public

My commission expires: May 31, 2005

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATRICIA C. RICHARDS
602 WEST KING STREET
MARTINSBURG, WV 25401
My Commission Expires May 31, 2005

BERKELEY COUNTY SCHOOLS
Martinsburg, West Virginia

CALL BOARD OF EDUCATION MEETING
Wednesday, January 30, 2002, 12:15 P.M.

The Board of Education of the County of Berkeley met in Call Session on Wednesday, January 30, 2002, beginning at 12:15 P.M., with the following persons present:

Dr. William F. Queen, President
Mrs. Berniece D. Collis, Vice President
Mr. Todd M. Beckwith, Member
Mr. George Wm. Sonnik, III, Member
Mr. William H. Norris, Member

Mr. Manny P. Arvon, Superintendent
Mr. Frank Aliveto, Deputy / Assistant Superintendent
Mr. David R. Deuell, Assistant Superintendent
Mrs. Barbara A. Pitzer, Executive Secretary

Mr. Don Zepp

President Queen called the meeting to order. The following business was transacted:

I. WELCOME AND INTRODUCTION OF GUESTS

No guests were present.

II. APPROVAL OF AGENDA

Motion was made by Mr. Sonnik, seconded by Mr. Norris, to approve the agenda as presented. Motion carried unanimously. Att. #1

III. ADOPTION OF SUPPLEMENTAL RESOLUTION

Via telephone from Charleston, Mr. James Welton, Assistant Superintendent, Mr. Vincent Collins, Bond Counsel, and Ms. Marie Prezioso, Financial Advisor, presented the bids for the Board of Education of the County of Berkeley, West Virginia, $27,800,000 Public School Bonds, Series 2002. The highest responsive bidder (lowest interest cost) was ABN AMRO Financial Services, Inc., Chicago, Illinois, at an interest rate of 4.5147159 percent. Discussion followed. Motion was made by Mr. Sonnik, seconded by Mr. Norris, to award the sale of the bonds to ABN AMRO Financial Services, Inc. at an interest rate of 4.5147159 percent and to adopt the Supplemental Resolution as presented. Motion carried unanimously. Further discussion followed. Att. #2

IV. ADJOURNMENT

There being no further business, motion was made by Mr. Sonnik, seconded by Mrs. Collis, to adjourn at 12:34 P.M. Motion carried unanimously.

PRESIDENT _____

SECRETARY _____

APPROVED 2-18-02

OFFICIAL BALLOT
SPECIAL SCHOOL BOND ELECTION
Board of Education of the County of Berkeley
Saturday, September 29, 2001

Shall the Board of Education of the County of Berkeley incur debt and issue Bonds in the amount of not more than TWENTY-SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS ($27,800,000), maturities on such Bonds to run not more than 15½ years from the date of such Bonds, with interest not exceeding the rate of 7¼% per annum, payable semi-annually, for the purpose of making the following improvements in Berkeley County School District (Estimated Costs to include both Bond proceeds and proceeds of grants expected to be received from the School Building Authority of West Virginia, as shown below) to provide adequate, safe and convenient educational facilities for the School District, and levy taxes sufficient to pay the interest on and the principal of such Bonds?

PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
1. NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$ 10,525,000	$ 2,000,000
2. NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$ 1,125,000	$ 4,500,000
3. EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$ 1,150,000	$ 4,650,000
4. EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-
5. EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring	Existing Hedgesville Elementary School	$ 3,300,000	$ -0-

BALLOT

wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.

6. EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$ 1,300,000	$ -0-
7. EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$ 2,200,000	$ 4,300,000
8. EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$ 3,700,000	$ -0-
9. EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets.	Existing Bunker Hill Elementary School	$ 3,700,000	$ -0-
TOTALS		$ 27,800,000	$ 15,450,000

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	$ 27,800,000
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	$ 15,450,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	$ 43,250,000

The above amounts include costs of site acquisition and improvement, demolition, as needed, construction, erection, furnishing and equipping of such Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out and completing the Project.

☐ YES

☐ NO

INSTRUCTIONS TO VOTERS: To vote in favor of the proposition submitted on this ballot, place an X mark in the square before the word "YES". To vote against the proposition, place a similar mark in the square before the word "NO".

SAMPLE

This Preliminary Official Statement and the information contained herein are not subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute and offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE
BOOK-ENTRY ONLY

Rating: Standard & Poor's
(See "Rating" herein)

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, upon the conditions and subject to the limitations set forth under the caption "TAX EXEMPTION" herein; however, interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in adjusted current earnings of such corporate holder. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX EXEMPTION" herein.

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY (WEST VIRGINIA) PUBLIC SCHOOL BONDS, SERIES 2002

Dated: February 1, 2002

Due: May 1, as shown below

The Bonds are general obligations of the Board of Education of the County of Berkeley West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Berkeley County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

The Bonds will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only in the principal amount of $5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for payment of the Bonds and United National Bank, Charleston, West Virginia, as Registrar.

Interest on the Bonds will accrue from February 1, 2002 and will be payable November 1, 2002 and semiannually thereafter (each May 1 and November 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

The Bonds are subject to redemption prior to maturity as described herein.

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount	Interest Rate	Yield	Maturing May 1	Principal Amount	Interest Rate	Yield
2003	$1,015,000			2010	$1,840,000		
2004	1,390,000			2011	1,925,000		
2005	1,455,000			2012	2,015,000		
2006	1,525,000			2013	2,110,000		
2007	1,600,000			2014	2,210,000		
2008	1,675,000			2015	2,315,000		
2009	1,755,000			2016	2,425,000		
				2017	2,545,000		

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about February 12, 2002.

SALE DATE: January 30, 2002

THE BOARD OF EDUCATION
OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)

ELECTED OFFICIALS

Dr. William F. Queen, President
Berniece D. Collis, Vice President
Todd M. Beckwith
William H. Norris
George William Sonnik, III

APPOINTED OFFICIALS

Manuel P. Arvon, II, Superintendent
Frank Aliveto, Deputy Superintendent
David R. Deuell, Assistant Superintendent
Jim Welton, Assistant Superintendent

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

FINANCIAL ADVISOR

Ferris, Baker Watts, Incorporated
Baltimore, Maryland
Charleston, West Virginia

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Berkeley, West Virginia, to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds herein described by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Board from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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 the affairs of the Board since the date hereof.

TABLE OF CONTENTS

INTRODUCTION 1
THE BONDS 1
General 1
Optional Redemption 2
Book-Entry Only System 2
Purpose 3
Authority 3
Nature of Obligation, Security and Source of Payments 4
Debt Administration 4
BERKELEY COUNTY SCHOOL DISTRICT 4
General 4
Facilities 5
Historical School Enrollment 6
Projected Enrollment 6
Tax Collection Procedures 6
Tax Levies and Collections 7
Assessment Procedure. 7
Property Classification 7
Assessed Valuations 8
Assessed Valuation by Property Class 8
Assessed Valuation by Property Category 9
Largest Assessed Valuations 9
Tax Rate Comparisons 9
County Tax Rates 9
School Tax Rates 10
Rates of Levy 10
Summary of Statistical Debt Information 11
Debt Service Requirements 11
Overlapping Debt 12
CERTAIN FINANCIAL INFORMATION 12
Description of Funds 12
Investment of Certain Funds 12
Accounting Practices 13
Annual Audit 13
Budgetary Procedures 13
Internal Control 13
Berkeley County School District's Statement of Revenues and Expenditures – Budget 14
Berkeley County School District's Statement of Revenues and Expenditures – Actual 15
Teachers Retirement Systems 16
Insurance Coverage 16
COUNTY OF BERKELEY 17
Introduction 17
Population 17
Economy 17
Community Data 19
TAX EXEMPTION 20
LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM 21
LITIGATION 22
CONTINUING DISCLOSURE 22
SALE AT COMPETITIVE BIDDING 23
LEGAL MATTERS 23
RATINGS 23
FINANCIAL ADVISOR 23
CONCLUDING STATEMENT 23
APPENDIX A
Audit Report of Berkeley County Board of Education for the Fiscal Year Ended June 30, 2001
APPENDIX B
Proposed Form of Legal Opinion
APPENDIX C
Proposed Projects
APPENDIX D
Elected Officials of the Board
Appointed Officials of the Board
APPENDIX E
Continuing Disclosure Certificate
APPENDIX F
Official Notice of Sale
Official Form of Proposal

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OFFICIAL STATEMENT
Relating To
$27,800,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF BERKELEY (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2002

INTRODUCTION

This Official Statement provides certain information in connection with the sale of $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley (West Virginia) Public School Bonds, Series 2002 (the "Bonds"). A brief description of the Board of Education of the County of Berkeley, West Virginia (the "Board"), the Berkeley County School District (the "School District") and the County of Berkeley, West Virginia (the "County" or "Berkeley County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

THE BONDS

General

The Bonds are dated February 1, 2002, are issued as fully registered bonds in $5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount	Interest Rate	Yield
2003	$1,015,000	%	%
2004	1,390,000		
2005	1,455,000		
2006	1,525,000		
2007	1,600,000		
2008	1,675,000		
2009	1,755,000		
2010	1,840,000		
2011	1,925,000		
2012	2,015,000		
2013	2,110,000		
2014	2,210,000		
2015	2,315,000		
2016	2,425,000		
2017	2,545,000		

Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Act"), both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The West Virginia State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its Paying Agent (the "Paying Agent") for payment of the Bonds and United National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from February 1, 2002 and will be payable November 1, 2002 and semi-annually thereafter (each May and November) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The 2002 Series A Bonds maturing on and after May 1, 2013, are subject to redemption, on or after May 1, 2012, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2012 to April 30, 2013	101%
May 1, 2013 and thereafter	100%

In the event of such optional redemption, the Issuer may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as The Depository Trust Company ("DTC"), New York, New York, will act as securities depository ("Securities Depository") for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC.

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under 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, as amended. DTC was created to hold securities on behalf of its participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchasers of 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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of theirs holdings, from the Direct or Indirect Participants 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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.

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the paying agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Neither the Board nor the Paying Agent will have any responsibility or obligation to such Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the payment by DTC to any DTC Participant, or by any DTC Participant owner, in respect of the principal and interest on the Bonds. The Board and the Paying Agent cannot give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payment of the principal of and interest on the Bonds paid to DTC or its nominee as the Registered Owner of the Bonds to the Beneficial Owners, or that they will do so on a timely basis or that they will serve and act in the manner described in this Official Statement.

DTC may charge the Participant a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Bonds, and the Direct Participants or Indirect Participants may seek reimbursement therefor from the Beneficial Owners.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository.) In that event, Bond certificates will be printed and delivered.

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

Purpose

To provide funds for making certain improvements in the School District defined in "Proposed Projects" in Appendix C.

Authority

The issuance of the Bonds and the levy of taxes sufficient to pay the interest on and principal of such Bonds were authorized and approved at the special election in the School District held on September 29, 2001, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 15 ½ years from the date of issuance of the Bonds and an interest rate not exceeding 7.25% per annum. The canvass of said special election showed 3,514 "Yes" votes and 2,041 "No" votes, a 63.26% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X,

Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

Nature of Obligation, Security and Source of Payments

The Bonds will constitute valid and legally binding general obligations of the Board, and, unless paid from other sources, the principal of and interest on the Bonds will be payable from ad valorem taxes levied upon all taxable property within the School District, without limitation as to rate or amount. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law.

Debt Administration

The West Virginia Municipal Bond Commission (the "Commission"), successor to the State Sinking Fund Commission, is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, as Treasurer of the County, and the Sheriff forwards the proceeds thereof to the Commission. The Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2001 Budget Bill is indicative:

> Sec. 14. Sinking Fund deficiencies. - There is hereby appropriated to the governor a sufficient amount to meet any deficiencies that may arise in the mortgage finance bond insurance fund of the West Virginia housing development fund which is under the supervision and control of the state municipal bond commission as provided by Chapter 31, Article 18, Section 20-b, of the code of West Virginia, or in the funds of the state municipal bond commission because of the failure of any state agency for either general obligation or revenue bonds or any local taxing district for general obligation bonds to remit funds necessary for the payment of interest and sinking fund requirements. The Governor is authorized to transfer from time to time such amounts to the state municipal bond commission as may be necessary for these purposes.

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the Board of Education of the County of Berkeley. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

BERKELEY COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2002, the terms of 3 members will expire. The process will be repeated every two years thereafter.

Board Members' duties are established by State statute with the West Virginia Board of Education having regulatory powers. The Board appoints a superintendent who acts as the chief executive officer and secretary of the Board and who administers affairs of the School District in accordance with applicable laws, regulations, and local policies. The Board is a public corporation and as such may sue, plead and be impleaded, and enter into contracts. The School District is fiscally independent of the County and all other political subdivisions.

During the fiscal year 2001-2002, the Berkeley County school system has an administrative staff of 18 with the overall responsibility to coordinate and supervise the activities of 46 school administrators, 1,000 instructional staff (teachers and other professionals), and 663 service personnel. Total Full Time Equivalent positions are 1,736. The estimated pupil-teacher ratio for the 2000-2001 school year is 13:1 (combined elementary, middle and secondary schools). The total adjusted student enrollment is 18,401; actual student enrollment (head count) is 13,150 students K-12.

Facilities

School	Grades	Type of Construction	Date of Construction	Renovations (r) or Additions (a)
Back Creek Valley Elementary	K-3	Masonry/Frame	1955	1975/1981 1984/1989
Bedington Elem.	K-2	Masonry	1929	1975/1982/1985/1989
Berkeley Heights Elementary	K-5	Masonry	1971	1975/1984 1985
Bunker Hill Elem.	K-3	Masonry	1962	1975
Burke St. Elem.	K-3	Masonry	1874	1951
Eagle School Inter.	4-5	Masonry	2001	
Gerrardstown Elem.	K-3	Masonry	1971	1975/1985/1989
Hedgesville Elem.	K-2	Masonry	1949	1976
Inwood Primary	K-3	Masonry	1924	1956
Marlowe Elem.	K-2	Masonry	1922	1975/1989
Mill Creek Inter.	4-5	Masonry	1987	1989
Opequon Elem.	K-3	Masonry	1971	1975
Potomack Inter.	3-5	Masonry	1998	
Rosemont Elem.	K-5	Masonry	1960	1975
Tuscarora Elem.	K-3	Masonry	1976	1983
Valley View Elem.	K-3	Masonry	1970	1975
Winchester Ave. Elementary	K-5	Masonry	1921	1999
Tomahawk Elem.	K-5	Masonry	1990	
Hedgesville Middle	6-8	Masonry	1926	1969/1989/1995
Musselman Middle	6-8	Masonry	1999	
North Middle	6-8	Masonry	1962	1982
South Middle	6-8	Masonry/Metal	1955	1985
Hedgesville High	9-12	Masonry	1977	1981/1983/1989/1995
Martinsburg High	9-12	Masonry	1927	1976/1991/1993
Musselman High	9-12	Masonry	1998	
Pikeside Pre-Voc. Learning Center	Ungraded	Masonry	1925	1975

Historical School Enrollment *

Grades	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
K	891	911	894	969	982	955	970	981	969	969
1	907	967	976	964	1,022	1,036	1,013	1,040	1,040	1,046
2	843	886	914	940	926	988	986	974	1,020	1,014
3	863	859	896	919	955	937	1,028	1,001	992	1,039
4	843	910	885	895	921	970	955	1,027	1,018	1,029
5	795	881	903	896	917	919	994	985	1,029	1,064
6	866	860	930	951	953	992	978	1,028	1,052	1,072
7	841	898	872	944	945	1,003	1,002	992	1,066	1,055
8	792	841	872	877	968	951	988	1,000	992	1,081
9	887	828	892	900	891	1,043	1,083	1,200	1,243	1,210
10	856	890	823	896	929	891	956	952	978	991
11	639	673	780	732	801	816	849	799	805	836
12	651	609	642	706	680	739	737	754	702	740
Spec. Ed.	283	76	15	31	9	8	0	0	0	0
Ungraded	13	63	90	3	0	0	0	0	0	0
Total	10,970	11,152	11,384	11,523	11,899	12,248	12,539	12,733	12,906	13,150

Projected Enrollment

2002-2003	13,467
2003-2004	13,704
2004-2005	13,964
2005-2006	14,218
2006-2007	14,422

Annualized Rate of Increase in Enrollment

1993	10,970
2002	13,150

[(13,150 – 10,970)/10,970]/10*100=+1.987%

*Enrollments are October of each year
Source: Berkeley County Schools

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Berkeley County Sheriff (the "Sheriff") and are remitted by him to the State and other local levying bodies. Public utility taxes are collected directly by the State Auditor (the "Auditor") and are remitted by him to the Sheriff for distribution. Tax statements are mailed by the Sheriff's office in July, and they may be paid in two installments. The first half of the tax is subject to a 2 1/2% discount if paid by September 1; thereafter, the amount payable is net until October 1, after which a 9% penalty is added. Likewise, the second half is subject to a 2 1/2% discount if paid by March 1, net to April 1, and 9% penalty thereafter. The Sheriff, after ascertaining which taxes are delinquent, shall on or before May 1 next succeeding the year for which taxes are assessed, prepare delinquent lists, which shall be posted at the front door of the courthouse and published as a legal advertisement at least two weeks prior to the presentation to the County Commission for examination. After examination and correction, the Commissioners shall certify such lists pertaining to real property to the Auditor not later than July 1. On or before September 10, the Sheriff shall prepare a second list of delinquent taxes, as of September 1, together with a notice of sale for properties upon which such taxes are due. If not redeemed before, such properties shall be sold at public auction at the courthouse on any Monday after October 14, and before November 23. No such sale shall be made for any sum less than the total amount of taxes, interest and charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase. The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units

in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections

Year (General Current)	Projected Gross Tax at 100%	Projected Net Tax Collections at 92% Less Assessors Fee	Actual Collections	Actual % Collected
1995-96	$18,422,434	$17,001,189	$19,100,397	112.35%
1996-97	19,440,565	17,894,457	19,055,474	106.49
1997-98	20,374,458	18,754,077	20,385,251	108.70
1998-99	21,745,097	20,015,709	21,846,039	109.14
1999-00	22,900,594	21,094,587	22,743,820	107.82
2000-01	24,377,705	22,455,208	24,164,486	107.61

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2001 assessment year valuations are made as of July 1, 2000, with taxes levied and collected during the fiscal year July 1, 2001, through June 30, 2002.

The State Tax Commissioner has the responsibility for preparing tentative valuations of all public utility property in the State and providing these valuations to the Board of Public Works of the State for actual assessment of such property. The Board of Public Works reviews all assessments made, makes such corrections as it deems proper, conducts hearings to entertain protests from the public utilities involved, and fixes the assessments in final form. After such assessments are made, they are allocated by the State Auditor to the various counties in which the utility property is located, such allocation being approved by the Board of Public Works.

Property Classification

Article X, Section 1, of the Constitution of West Virginia and Chapter 11, Article 8, Section 5 of the Code of West Virginia of 1931, as amended, created four classifications of property for which the tax rates, but not the assessed values, are limited. These tax classifications are as follows: Class I - all tangible personal property employed exclusively in agriculture, all products of agriculture while owned by the producer, all notes, bonds, bills, accounts receivable, stocks and any other intangible personal property, not including bank deposits and money; Class II - owner-occupied residential property and certain farm lands; Article 10, Section 1b of the Constitution of the State of West Virginia and Chapter 11, Article 6B, Section 3 of the West Virginia Code of 1931, as amended, provides that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified

owners residing therein; Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Berkeley County School District includes all of Berkeley County and has the same assessed valuation of property therein as does the entire county. Between 1973 and the current fiscal year, the average assessment for each of the four classes of property in a county had to be at least approximately 50% of the State appraised values. The State Tax Commissioner has authority to "appraise" property to determine its "true and actual value". Thus, in practice, most properties by class were assessed at least at approximately 50% of their appraised values.

In Killen vs. Logan County Commission, the Supreme Court of Appeals of West Virginia held that insofar as West Virginia Code 18-9A-11 provides that the total assessed valuation in each of the four classes of real property (see "Property Classification") shall not be less than 50% nor more than 100% of the State Tax Commissioner's appraised valuation of each of said classes of property, it violates the constitutional guarantee of equal and uniform taxation, as provided under Article X, Section 1, thereof. The Court found that property was not being adequately assessed in any county in the State for property tax purposes and placed the blame on the historic passivity of the State Tax Commissioner in the administration, supervision, and enforcement of the property tax. The Court identified a number of shortcomings in property tax administration and directed the State Tax Commissioner to prepare a plan to correct those deficiencies.

The West Virginia Legislature addressed the Court's concern with the Property Tax Limitation and Homestead Exemption Amendment of 1982, which was passed by voters in the general election held November 2, 1982. As a result, Article X, Section 1b of the Constitution of the State of West Virginia has been amended such that the four classes of real property will be assessed at 60%, rather than 100%, of the State Tax Commissioner's appraised valuation. The Amendment also provided that a statewide reappraisal be completed, certified and published on or before March 31, 1985. The reappraisal would result in an increase or decrease in the existing appraised value of property subject to ad valorem taxation in each county which would, in turn, result in an increase or decrease in the assessed value of such property and the taxes levied based upon such assessment. Moreover, any resulting increase in value would be allocated over a period of 10 years in equal amounts annually. The reappraisal has been completed but the results of the reappraisal have not been released for use by the counties. The State Tax Division is now completing computerized studies and statistical analyses in an effort to correct system errors in the reappraisal.

Chapter 11, Article 1C of the West Virginia Code, as amended by Acts of the 1990 Legislature, regular and third special session, requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the effective date of the legislation and with updated appraisals every three years thereafter. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994. The Board does not believe the legislation will have any impact on the Board's ability to levy taxes to pay the principal of or interest on the Bonds.

Assessed Valuation By Property Class

Class	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
I	$ 62,940,550	$ 101,892,270	$ 137,616,229	$ 184,461,019	$ 106,547,096
II*	$ 822,288,657	$ 876,055,223	$ 924,560,090	$ 972,290,450	$1,026,770,878
III	$ 531,670,619	$ 559,922,740	$ 580,882,877	$ 622,839,938	$ 645,779,372
IV	$ 226,562,600	$ 241,414,674	$ 254,482,475	$ 262,867,451	$ 260,451,326
Totals	$1,643,462,426	$1,779,284,907	$1,897,541,671	$2,042,458,868	$2,039,548,672

Assessed Valuation By Property Category

Category	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Real	$1,211,479,753	$1,275,472,861	$1,341,230,372	$1,415,108,044	$1,480,860,139
Personal	$ 348,394,173	417,728,346	459,218,211	532,048,651	460,674,890
Public Utility	$ 83,588,500	86,083,700	97,093,088	95,302,173	98,013,643
Totals:	$1,643,462,425	$1,779,284,907	$1,897,541,671	$2,042,458,868	$2,039,548,672

* Excludes real property from ad valorem property taxation pursuant to the Homestead and Taxation Amendment. The amount of Class II real property so excluded amounted to:

$84,142,004 in 1997-98
$87,092,325 in 1998-99
$87,941,131 in 1999-00
$ 91,308,475 in 2000-01
$ 92,555,986 in 2001-02

Largest Assessed Valuations

2001 Current Assessed Valuation

Property Owner	Class I	Class III & IV
Verizon Directory Services	$28,587,868	
Verizon Directory Services	26,454,467	
General Motors Inc.		$17,686,090
Crown American Financing		16,751,460
World Kitchen Inc.		14,844,695
Verizon Directory Services	12,134,626	
Verizon Directory Services	8,687,745	
General Motors Corporation		8,572,522
Guardian Fiberglass Inc.		8,360,400
Orgill Inc.		8,066,400
Quebecor World Fairfield Inc.	668,899	7,381,537

Source: Berkeley County Assessor

Tax Rate Comparisons

The following shows Berkeley County property tax rates in cents per $100 assessed valuation (this includes all state, county and school rates), in comparison with a few select surrounding counties, for tax year 2001; Fiscal year 2001-2002.

Rates of Levy

County	Class I	Class II	Class III/IV
BERKELEY	61.39	122.78	245.56
Jefferson	60.94	121.88	243.76
Morgan	56.83	113.66	227.32

(This includes the total levy for State, County and schools in each County listed above)
Source: State of West Virginia, Department of Tax and Revenue

County Tax Rates

Except as hereinafter stated, the maximum tax rates allowed by the Constitution of West Virginia for the four classifications of property are as follows: Class I - $.50 per $100 assessed valuation; Class II - $1.00 per $100 assessed valuation; Class III - $1.50 per $100 assessed valuation; Class IV - $2.00 per $100 assessed valuation.

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies

may not continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates

Taxes for school purposes are uniform throughout the County. In accordance with Chapter 11, Article 8, Section 6c of the Code of West Virginia of 1931, as amended, the tax limit for school current expenses and school permanent improvement purposes combined is $.2295 per $100 assessed valuation in respect to Class I, $.4590 per $100 in respect to Class II, and $.9180 per $100 in respect to Classes III and IV. By favorable vote of at least a simple majority of the voters in an election, the above limitations may be increased by up to 100% for a period of five years, after which an election must again be held. Further, a county board of education is required to levy outside the rates provided by Chapter 11, Article 8, Section 6c, sufficient to pay the principal and interest requirements on bonds issued by the school district not exceeding five percent of the assessed value of all taxable property in the school district, in the manner provided by the Better Schools Amendment.

Berkeley County, West Virginia
Tax Rates - By Property Class
Cents Per $100

School Current Levy

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	20.48	20.48	20.48	20.48	20.48
Class II	40.96	40.96	40.96	40.96	40.96
Class III/IV	81.92	81.92	81.92	81.92	81.92

School Excess Levy

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	22.50	22.50	22.50	22.50	22.50
Class II	45.00	45.00	45.00	45.00	45.00
Class III/IV	90.00	90.00	90.00	90.00	90.00

School Bonds

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	6.50	6.14	5.89	5.20	5.14
Class II	13.00	12.28	11.78	10.40	10.28
Class III/IV	26.00	24.56	23.56	20.80	20.56

Source: State of West Virginia, Department of Tax and Revenue

The maximum tax rates described above are divided among the several levying bodies by statute. Under Chapter 11, Article 8 of the Code of West Virginia of 1931, as amended, the maximum levy rates available to the County without approval by the voters is as follows: Class I - 14.3 cents per $100 assessed valuation; Class II - 28.6 cents per $100 assessed valuation; Class III - 57.2 cents per $100 assessed valuation; and Class IV - 57.2 cents per $100 assessed valuation.

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Berkeley County Board of Education, but not including those relating to the proposed bond issue, in cents per $100 assessed valuation for the 2001-2002 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	13.02	26.04	52.08
School Current	20.48	40.96	81.92
School Excess	22.50	45.00	90.00
School Bonds	5.14	10.28	20.56

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2001-2002 fiscal year.

Municipality	Class I	Class II	Class IV
Hedgesville	4.56	9.12	18.24
Martinsburg	14.95	29.90	59.80

Source: State of West Virginia, Department of Tax and Revenue

As heretofore stated, under Article X, Sections 8 and 10 of the Constitution of the State of West Virginia and the Act, the Board may issue bonds for certain purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the School District as of the date of bond authorization. Under such constitutional and statutory standard the computation of debt limit of the School District and its debt contracting margin are as follows:

Summary of Statistical Debt Information

Population (2000)	75,905
Assessed Valuation *	$2,039,548,672
Debt Limit (5% of Assessed Valuation)	$ 101,977,433
Outstanding Debt (including the Series 2002 Bonds)	$ 41,490,000
Debt Contracting Margin	$ 60,487,433
Per Capita Debt	$ 546.60
Outstanding Debt As Percentage Of Assessed Valuation..	2.03%

* Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2002).

Debt Service Requirements

Prior to the issuance of the Bonds, the Board has outstanding principal of $2,535,000 on the $8,205,000 Public School Refunding Bonds, Series 1995, and outstanding principal of $11,155,000 on the $15,950,000 Public School Bonds, Series 1995.

Upon issuance of the Bonds, based on the interest rates and yields set forth on the cover page, the Board will have the following debt:

Schedule of Bonded Indebtedness

Year Ending June 30	*Series 1995* Refunding Issue	*Series 1995* New Money Issue	*Series 2002* Principal	*Series 2002* Interest	*Series 2002* Total
2003	$1,388,640	$1,532,926.25	$1,015,000		
2004		1,533,701.25	1,390,000		
2005		1,536,026.25	1,455,000		
2006		1,549,431.25	1,525,000		
2007		1,563,181.25	1,600,000		
2008		1,573,181.25	1,675,000		
2009		1,589,431.25	1,755,000		
2010		1,608,731.25	1,840,000		
2011			1,925,000		
2012			2,015,000		
2013			2,110,000		
2014			2,210,000		
2015			2,315,000		
2016			2,425,000		
2017			2,545,000		
TOTAL					

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

The accounts of the Board are organized on the basis of funds, each of which constitutes a separate entity for accounting procedures. For reporting purposes the various funds are organized into the following major groups:

1. Debt Service Fund

The Debt Service Fund is a separate and distinct fund used only as an "Interest and Sinking Fund" to meet the demands of maturing bonds and bond interest payments.

Taxes levied on real and personal property (other than public utility property), to be used to make Debt Service Fund payments, are collected by the Sheriff, while taxes levied on public utility property to be used to make Debt Service Fund payments are collected by the State Auditor and remitted to the Sheriff. Collections are transferred periodically to the West Virginia Municipal Bond Commission (the "Commission"). The Commission, in turn, disburses funds to meet the payment of bonds and bond interest payments as well as paying agency fees. From time to time, the Commission invests amounts in the Debt Service Fund that are in excess of payment schedules and credits the interest income to the Debt Service Fund. (See "Investment of Certain Funds").

2. Bond Construction Fund

The Bond Construction Fund is a separate and distinct fund consisting of proceeds from the sale of bonds authorized by an election, from State School Building funds and from special funds that are categorically identified and authorized to supplement local bond proceeds or State School Building funds. Expenditures are generally restricted to capital outlay purposes by the bond election call, by special funding agreements or by the State Board of Education in approving specific building projects.

3. Capital Projects Fund

The Capital Projects Fund accounts for financial resources used to acquire or construct specific major capital facilities other than by the sale of bonds or the reservation of monies in a permanent improvement fund. A separate fund may be established for each specific capital project.

4. General Current Expense Fund

The General Current Expense Fund is a separate and distinct fund and is used for all general operating purposes except for revenues and expenditures that are contained in the Debt Service Fund and the Bond Construction Fund. Revenues generally come from: (1) general and special levy taxes, (2) other local or miscellaneous revenues, (3) State aid to counties for restricted and unrestricted purposes, and (4) Federal aid received directly or through the State, usually categorical or restricted.

Investment of Certain Funds

Proceeds of tax collections relating to the Bonds which are transferred to the Commission will be invested in the Consolidated Fund managed by the West Virginia Investment Management Board (the "IMB"). The IMB is governed by a Board of Trustees consisting of the Governor, the State Auditor, the State Treasurer and ten members appointed by the Governor. The Commission currently invests its funds in The Consolidated Fund's Government Money Market Pool. Investments are limited to U.S. Government obligations, select U.S. Government Agency-guaranteed obligations or repurchase agreements with average maturities not to exceed 90 days.

Accounting Practices

The accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in the State. This does not agree in certain respects with the accounts and fund structure recommended by Generally Accepted Accounting Principles (GAAP) and the American Institute of Certified Public Accountants.

Annual Audit

An annual audit of accounts is prepared by the State Tax Department. Revenue and expenditures for all funds are reported on a modified cash basis with accrual requirements by separate reports for funds receivable, encumbrances, earmarked funds and payroll deductions/withholding payable. Salaries and wages are reported against budget appropriations in terms of gross earnings whether or not payroll deductions have been paid within the current fiscal period.

Budgetary Procedures

Prior to the beginning of each fiscal year, the Board develops a fiscal plan consisting of contemplated expenditures. The annual budget development process is customarily developed along the following guidelines and in accordance with a budget calendar summarized as follows:

July	Overall goals are revised and established by the Board. Implementation and valuation of Board goals are established by the superintendent.
October	Student enrollment and personnel employee numbers are gathered system wide to determine State aid funding basis for subsequent fiscal year.
November-December	All staffing reviewed. Personnel reductions and additions are determined by local school councils, the public, the administration and the superintendent.
January-February	Preliminary forecasts of revenues and expenditures are determined by administration. Non-salary items reviewed. Public workshops are held.
March	Assessed valuations and preliminary State aid calculations received on or about March 3. The Board is required to ascertain the fiscal condition of the School District and determine the amount to be raised by the levy of taxes. Proposed levy rates must be submitted to the State Tax Commissioner and State Board of Education by March 28.
April	On the third Tuesday in April, the Board officially enters all levies for the coming year by ordering the levy of taxes commencing July 1. The proposed budget must be made available for public inspection for ten days and must be published in local newspapers for two weeks prior to the budget hearing.
No later than May 30	A public hearing shall be held concerning the operating budget not less than 10 days after such budget has been made available for public inspection. The Board is required to submit a budget to the State Board of Education and State Tax Commissioner no earlier than 10 days after receipt of the final State aid computations but not later than May 30.
August	Board advised of ending balances for previous fiscal year. Board and administration evaluate status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

Internal Control

The system of internal control includes budgetary control, periodic operating reports and statistical analyses. The system checks the accuracy and reliability of its accounting data, promotes operational efficiency and encourages prescribed managerial policies.

The system provides segregation of functional responsibilities and control over assets, liabilities, revenues and expenses. Responsibilities and delegations of authority are assigned by the superintendent and Board in accordance with State Board of Education policy and advice of the State Tax Commissioner.

Berkeley County School District's
Revenues and Expenditures - Budget
General Current Expense Fund
Year ended June 30

	1998-99 Budget	1999-2000 Budget	2000-2001 Budget
Revenues Collected:			
Property Taxes	$21,115,709	$21,976,683	$23,314,580
Other Local Sources	2,161,839	2,382,898	2,665,185
Intermediate Source	128,720	-0-	-0-
State Sources	45,200,402	48,982,048	51,166,202
Federal Sources	5,723,700	6,038,408	6,316,402
Miscellaneous	-0-	-0-	-0-
Total Revenues	74,330,370	$79,380,037	$83,462,369
Expenditures Paid:			
Regular Programs	$34,109,758	$37,666,772	$39,229,348
Special Programs	9,599,736	10,613,225	11,593,974
Vocational Programs	2,541,055	2,442,284	2,573,284
Other Regular Programs	381,804	497,898	516,244
Adult/Continuing Education Programs	246,298	269,967	270,807
Community Services Programs	348,898	374,086	392,177
Undistributed Support Services	28,832,079	30,863,224	29,770,298
Total Expenditures Paid	$76,059,628	$82,727,456	$84,346,132
Excess of Revenues Over Expenditures	$(1,729,258)	$(3,347,419)	$(883,763)
Other Financing Sources (Uses):			
Total Other Financing Sources *(Uses)*	$(5,260,000)	$(2,887,452)	$(1,077,527)
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	$(6,989,258)	$(6,234,871)	$($1,961,290)
Fund Balance, Beginning of year	$ 6,989,258	$ 6,234,871	$ 1,961,290
Adjustments	$ ---	$ ---	$ ---
Fund Balance, Beginning of year, Restated	$ 6,989,258	$ 6,234,871	$ 1,961,290
Fund Balance, End of year	$ ---	$ ---	$ ---

Source: Berkeley County Board of Education

Berkeley County School District's Statement of Revenues and Expenditures - Actual

Berkeley County School District's
Revenues and Expenditures - Actual
General Current Expense Fund
Year ended June 30

	1998-99 Actual	1999-2000 Actual	2000-2001 Actual
Revenues Collected			
Property Taxes	$21,846,040	$ 22,743,819	$24,164,486
Other Local Sources	2,461,494	2,467,606	3,036,857
Intermediate Sources	-0-	-0-	-0-
State Sources	44,322,636	48,681,417	51,287,159
Federal Sources	5,493,828	5,398,626	5,783,328
Miscellaneous	2,300	-0-	-0-
Total Revenues Collected	$74,126,298	$79,291,468	$84,271,830
Expenditures Paid			
Regular Programs	$33,437,188	$37,290,983	$39,144,576
Special Programs	9,514,778	10,557,092	11,570,059
Vocational Programs	2,468,980	2,405,268	2,504,855
Other Regular Programs	414,817	471,448	510,165
Adult/Continuing Education Programs	190,453	190,824	208,972
Community Service Programs	345,883	371,675	387,590
Undistributed Support Services	25,339,054	30,131,077	29,202,087
Total Expenditures Paid	$71,711,153	$81,418,367	$83,528,304
Excess of Revenues Over Expenditures	$ 2,415,145	$(2,126,899)	$ 743,526
Other Financing Sources (Uses):			
Total Other Financing Sources *(Uses)*	$(2,615,000)	$(2,360,559)	$ (196,797)
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	$(199,855)	$(4,487,458)	$ 546,729
Fund Balance, Beginning of year	$ 7,578,525	$ 6,799,585	$2,335,041
Adjustments	$ (579,085)	$ 22,914	$ ---
Fund Balance, Beginning of year, Restated	$ 6,999,440	$ 6,822,499	$2,335,041
Fund Balance, End of year	$ 6,799,585	$ 2,335,041	$2,881,770

Source: Berkeley County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of June 30, 2000, 24,360 retirees and beneficiaries were receiving benefits; as of July 1, 2000, there are 25, 278 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Effective July 1, 1994, employers covered by the School Aid Formula (the 55 county public school system) contribute 15% of a member's annual earnings; and other employers contribute 7.5%. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2000 by Buck Consultants, Inc. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 8.0% annually, net after expenses. As of July 1, 2000, the unfunded liability of TRS was $3.836 billion, based on recognized valuation assets at approximately $1 billion. The funded percentage was 21.4%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

The Teachers' Defined Contribution Retirement System (TDCRS) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDCRS.

As of June 30, 2000, there were approximately 18,000 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Members may choose from five separate investment options, which include government security mutual funds, common stock mutual funds, guaranteed insurance contract mutual funds and individually allocated annuities.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

1. Type		Amount in Force (FY 2002)
Fire, extended coverage/buildings & personal property		$201,000,000
Public official position bond:	Superintendent	$ 50,000
	Board President	$ 50,000
	Treasurer	$ 300,000
Blanket Bond		$
Fidelity Honesty Bond (all employees)		$ 2,000,000
Money & Securities (all employees)		$ 2,000,000
Deductible - $1000 per occurrence		

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2001 to July 1, 2002. The Board is insured for following coverages:

Comprehensive general liability insurance
Personal injury liability insurance
Professional liability insurance
Stop gap liability insurance
Wrongful act liability insurance
Comprehensive auto liability insurance
Auto physical damage insurance, including comprehensive and collision, and
Garagekeepers insurance.

2. Limits of Liability

EACH OCCURRENCE. $1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS. The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $500 for private passenger vehicles or $1,000 for other vehicle types including mobile equipment.

DEFENSE COSTS. Defense costs are in addition to the each occurrence limit of liability.

Source: Berkeley County Board of Education

COUNTY OF BERKELEY

Introduction

Berkeley County (the "County") is located in the Eastern Panhandle section of West Virginia. The City of Martinsburg is the county seat. The County is located 80 miles from Washington, DC; 90 miles from Baltimore, Maryland and 93 miles from Harrisburg, Pa.

The County is governed by, and generally acts through, The County Commission of Berkeley County. The present Commissioners of the County Commission, elected on a countywide basis, are Howard Strauss, President; Robert Burkhart and John Wright. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.

Population

The population of the County is indicated in the following table:

Year	Berkeley County	West Virginia	United States
1990	59,253	1,793,477	248,709,873
2000	75,905	1,808,344	281,421,906
Change 1990-2000	28.1%	0.8%	13.2%

Economy

The five (5) largest employers, the type of business and number of employees for such companies for the year 2000 in the County are:

Employer	Product/Service	No. of Employees
Berkeley County Schools	Education	1,400
VA Medical Center	Health (Hospital)	1,363
WV Air National Guard 167th Airlift Wing	Defense	1,200
General Motors Service Parts Operations	Warehousing/Distributing	1,083
IRS – Martinsburg Computing Center	Government	800

Source: Berkeley County Chamber of Commerce

Average Annual Unemployment Rates

Year	Berkeley County	West Virginia
1991	9.8 %	10.6%
1992	9.6	11.4
1993	8.2	10.9
1994	6.2	8.9
1995	5.9	7.9
1996	5.4	7.5
1997	4.6	6.9
1998	3.9	6.6
1999	3.7	6.6
2000	2.9	5.5
2001 (November)	3.5	4.3

Average Annual Employment by Industry

Industry	1997	1998	1999	2000
Agriculture	341	357	420	378
Construction	923	855	855	831
Manufacturing	3,403	3,696	3,896	4,085
Transportation, Public Utilities	898	896	979	922
Wholesale Trade	1,544	1,451	1,334	1,419
Retail Trade	5,204	5,196	5,193	5,091
Finance, Insurance, Real Estate	826	887	904	855
Services	5,063	5,369	5,616	5,863
Government	5,710	5,928	6,145	6,295

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1997	2000	1997	2000
Berkeley County	23,928	25,770	25,225	27,964
West Virginia	669,108	686,664	24,715	26,890

Per Capita Personal Income

County	1996	1999	Rank in State
United States	$24,651	$28,546	--
West Virginia	$18,116	$20,921	--
Berkeley County	$19,629	$23,040	9

***Wages Per Industry** (2000)*

Industry	Total Wages	Average Annual Wage	Average Weekly Wage
Agriculture	$ 6,074,462	$16,070	$309.03
Construction	19,326,253	23,256	447.23
Manufacturing	123,293,050	30,181	580.40
Transportation and Public Utilities	33,780,783	36,638	704.58
Trade - Wholesale	66,030,755	46,533	894.87
Trade - Retail	71,115,211	13,968	268.62
Finance, Insurance & Real Estate	23,767,181	27,797	534.56
Services	132,679,238	22,629	435.17
Government	243,918,541	38,747	745.13

Total Wages ($Millions)

Year	Berkeley County	West Virginia
1990	$359.9	$ 12,471.7
1991	403.2	12,836.2
1992	453.1	13,567.2
1993	487.5	13,981.5
1994	517.5	14,796.2
1995	545.6	15,367.7
1996	571.8	15,952.1
1997	603.6	16,537.5
1998	636.1	17,153.0
1999	680.6	17,708.8
2000	720.7	18,464.6

Community Data

Educational Facilities

Public Schools

Elementary	19
Middle or Jr. High	4
High Schools	3
Vocational Schools	1
Other	1

Colleges

Shepherd College, Shepherdstown (Jefferson County)

Potomac State College, Keyser (Mineral County)

Recreational Facilities

Parks	13
Baseball-Softball Fields	21
Basketball Courts	
Indoor	8
Outdoor	6
Playgrounds	23
Swimming pools	2
Auditoriums	3
Stadiums	3
Theaters	4
Golf Courses	3

Medical

Hospitals	2
Doctors	94
Dentists	31

Transportation

Highways

Interstates	I-81
WV Routes	901,51,45,9
US Routes	11

Motor Freight

Carriers available

Parcel service available

Industrial Parks	5
Airports:	Eastern WV Regional Airport Authority
Railroads:	CSXT, Winchester & Western Amtrak, Mark Service
Bus Service:	Yes

Communications

Newspapers:	Martinsburg Journal
Telephone:	Verizon
Radio:	6 stations

Utilities

Electricity:	Allegheny Power
Natural Gas:	Shenandoah Gas Co.

Other Data

Child Care:	25
Banks:	21
Libraries:	4

Sources: State of West Virginia, Bureau of Employment Programs
Dept. of Labor and Research, Berkeley County Chamber of Commerce

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such action.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as an enumerated item of tax preference or other specific adjustment. However, a corporation is required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to its current earnings adjustment and the alternative tax net operating loss deduction). For such purposes "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Other consequences for federal income tax purposes of ownership of obligations such as the Bonds also result from the Code under certain circumstances, including, but not limited to, the following: (i) the deduction allowable to certain financial institutions prior to the enactment of the Tax Reform Act of 1986 for interest on deposits and other obligations allocable to investments in tax-exempt securities has been eliminated; (ii) the net capital gains deduction for individuals has been repealed with the result that an individual's long term capital gain will be taxed at the same rate as ordinary income; (iii) a corporation's net capital gain will be taxed at the same rates as corporate ordinary income; (iv) for property and casualty insurance companies, the amount of the deduction for losses incurred has been reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; and (v) for S corporations having subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

Under certain provisions of the Social Security Amendments of 1983 (Public Law 98-21) which are codified at Section 86 of the Code ("Section 86"), interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security benefits are includable in gross income for federal income tax purposes. Investors are referred to Section 86, for the complete text of Section 86, relating to the inclusion of a portion of social security benefits in gross income.

The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

The School District may be affected by litigation pending in the courts of the State of West Virginia with potential impact on local taxes for school purposes similar to the litigation which has continued in certain states, such as Serrano v. Priest in California, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes.

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

In May of 1995 a Motion to join the President of the State Senate and the Speaker of the State House of Delegates as defendants in Pauley was granted by the Circuit Court. The Circuit Court later reconsidered this Motion and the President of the State Senate and the Speaker of the House of Delegates are no longer defendants. Additionally, with the motion to join defendants, the plaintiffs moved the Circuit Court for an order enforcing the judgment previously entered including establishment of a timetable for implementation of the Master Plan for Public Education and a timetable for implementation of changes to the system of financing public education in West Virginia. A trial was scheduled for July 3, 2000. However, the parties have now reached a settlement with regard to a number of the issues. It was agreed that the issue of whether schools in West Virginia (with emphasis on high schools) are offering an appropriate range of electives and vocational programs will continue to be studied, and that an advisory committee would be formed to perform this study. It was also agreed that decisions related to school financing will continue to be based on standardized test scores insofar as low performing schools will be the first targeted for additional resources. However, identified trends in those test scores will now also play a greater role in the process of school review. Finally, the parties agreed to jettison the Master Plan for Public Education recognizing that the Performance Based Audit Process mandated by the West Virginia Legislature in 1998 provides a full and fair substitute for the Master Plan for Public Education. Nevertheless, it was agreed that the Office of Performance Audit, which is charged with overseeing the Performance Based Audit Process, will place a greater emphasis on reviewing facilities and materials than it has in the past, although the focus will be on whether deficiencies are having an impact on student performance. It appears that the settled issues are not likely to have a marked fiscal impact.

Still outstanding in the Pauley case are the following issues: (1) Whether the West Virginia School Building Authority is sufficiently funded; (2) whether the West Virginia School Funding Formula is sufficiently funded; and (3) how to appropriately curb the school systems' reliance on excess levies. All evidentiary hearings in the case were completed by late Fall 2000. Findings of fact and conclusions of law were submitted to the Court, which took the case under advisement, where it remains.

The key question for resolution is whether the Court has jurisdiction to order a remedy for any identified funding problems. That is, of course, because funding of schools is within the purview of the West Virginia Legislature rather than the judiciary. In formulating the above, Bond Counsel has relied on a Managing Deputy Attorney General who has been directly involved in the ongoing litigation.

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants in following a policy of approval of segregated outbuildings for special education students and expenditures therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

Plaintiffs requested relief in the form of various declaratory and injunctive measures to remedy the alleged improprieties, including submission of a plan to alleviate alleged constitutional and legal deficiencies in special education in the State. No monetary damages were stated in the complaint. On July 10, 1991 a Settlement Agreement was approved by the District Court. The Settlement Agreement, as approved by the District Court, provided inter alia that the State School Building Authority would, in the application process and before disbursement of monies to local boards of education, obtain sufficient information to assure that no projects approved or funded would permit segregated outbuildings, segregated schools or inappropriately located self-contained classrooms in regular buildings in which classrooms are not contiguous to or in proximity with classrooms of age-appropriate, non-handicapped children or that permits a county to continue the existence of such an outbuilding, school or classroom.

In the opinion of Bond Counsel, the final resolution of the Pauley, Boards of Education and Harris decisions by the courts of the State will not affect the validity or binding obligation, nature of the Bonds or modify the right of the holders thereof to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within the School District for the payment of the Bonds if not paid from other sources.

LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. The Secretary of the Board has reviewed the current status of all pending and threatened litigation with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not probable that Board liability in any such matters is likely to have a material adverse affect on the financial condition of the Board.

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board which materially adversely affects the financial condition of the Board.

CONTINUING DISCLOSURE

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository and, if established, the State Information Depository, on an annual basis on or before 180 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-

12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has no outstanding bond issues which are required to comply with the rule. The form of the Continuing Disclosure Certificate is attached hereto as Appendix E.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the Board at competitive bidding on January 30, 2002 in accordance with the Official Notice of Sale.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

RATINGS

Standard & Poor's Corporation, 25 Broadway, New York, New York, 10004, has assigned the Bonds its rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds. The Board has not requested that any other organization consider assignment of a rating in connection with the Bonds.

FINANCIAL ADVISOR

Ferris, Baker Watts, Incorporated, Baltimore, Maryland, and Charleston, West Virginia, Financial Advisor to the Board, or its directors or employees, may hold, own or dispose of bonds, including the Bonds, issued by the Board. Ferris, Baker Watts, Incorporated, may wish to bid alone or as a member of a syndicate for the purchase of the Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley, Public School Bonds, Series 2002. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Berkeley by Ferris, Baker Watts, Incorporated in its capacity as Financial Advisor to the Board.

All statements, estimates, assumptions and summaries of documents in this Official Statement have been made on the basis of the best information available and are believed to be correct and reliable, but no representations whatsoever are made that such statements, estimates, assumptions and summaries of documents are correct or will be realized.

So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

THE BOARD OF EDUCATION
OF THE COUNTY OF BERKELEY

By: _____
President

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APPENDIX A

AUDIT REPORT OF

BERKELEY COUNTY BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 2001

BERKELEY COUNTY, WEST VIRGINIA
BOARD OF EDUCATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2001

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

Berkeley County, West Virginia
Board of Education

Schedule of Funds Included in Report

Year ended June 30, **2001**

GOVERNMENTAL FUND TYPES

General Current Expense

Debt Service

Capital Projects

FIDUCIARY FUND TYPE

Expendable Trusts

ACCOUNT GROUPS

General Fixed Assets

General Long-Term Debt

Berkeley County, West Virginia
Board of Education

Contents

Board officials 1

Independent Auditor's Report on Financial Statements, Supplementary Schedule of Expenditures of Federal Awards 2-3

Financial Statements

Combined statement of assets, liabilities and fund equity regulatory basis - all fund types and account groups 4

Combined statement of revenues collected, expenditures paid and changes in fund balances regulatory basis - all fund types 5-6

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - general current expense fund 7-8

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - debt service fund 9

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - capital projects 10-11

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - expendable trust funds 12-13

Notes to the financial statements 14-35

Combining statement of assets, liabilites and fund equity - regulatory basis - expendable trust funds 36

Berkeley County, West Virginia
Board of Education

Contents

Combining statement of revenues collected, expenditures paid and changes in fund balances - regulatory basis - expendable trust funds 37

Combining statement of revenues collected, expenditures paid and changes in fund balances - budget and actual regulatory basis expendable - trust funds 38

Supplementary Information

Schedule of expenditures of federal awards 39-40

Notes to the schedule of expenditures of federal awards 41

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 42-43

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 44-45

Schedule of findings and questioned costs 46-49

Auditee's summary schedule of prior audit findings 50

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Berkeley County, West Virginia
Board of Education

Board Officials

Year ended June 30, **2001**

Elective

Board Members	Dr. William F. Queen	7/1/00 to 6/30/04
	William Norris	7/1/00 to 6/30/04
	Todd M. Beckwith	7/1/98 to 6/30/02
	Berniece Collis	7/1/98 to 6/30/02
	George William Sonnik, III	7/1/98 to 6/30/02

Appointive

Board President	Dr. William F. Queen	7/1/00 to 6/30/02
Superintendent	Manuel P. Arvon	7/1/97 to 6/30/01
Treasurer	James Welton, Jr.	7/1/00 to 6/30/01

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

We have audited the accompanying financial statements of the **Berkley County, West Virginia, Board of Education** as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of **Berkeley County, West Virginia, Board of Education's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, **Berkeley County, West Virginia, Board of Education's** policy is to prepare its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting prescribed or permitted by West Virginia Department of Education and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Berkeley County, West Virginia, Board of Education** as of June 30, 2001, and the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Berkeley County, West Virginia, Board of Education** as of June 30, 2001, and the results of its operations for the year then ended in conformity with the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is described in Note 1 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2001, on our consideration of **Berkeley County, West Virginia, Board of Education's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is prepared on the basis of accounting described above for the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia State Auditor, the West Virginia Department of Education and other state and Federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

Year ended June 30,

	Governmental Fund Types			
	Current expense	Debt service	Capital projects - bond construction	Capital projects
Assets				
Cash	$ 8,527,754	$ -	$ 1,706	$ -
Receivables				
Taxes	545,089	66,225	-	-
Intergovernmental SBA Grant	-	-	-	170,115
State sources	-	-	-	435,089
Due from other governments				
Public employees insurance allocation	1,031,102	-	-	-
State aid to schools	420,067	-	-	-
Reimbursements	541,224	-	-	-
Due from other funds	-	-	31,366	-
Deposit with workers' compensation	202,977	-	-	-
Restricted assets				
Deposits with Municipal Bond Commission for bond retirement	-	2,723,424	-	-
Fixed assets	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Amount to be provided for retirement of general long-term debt - QZAB	-	-	-	-
Total assets	$ 11,268,213	$ 2,789,649	$ 33,072	$ 605,204
Liabilities, Equity and Other Credits				
Liabilities				
Accounts payable	$ 293,443	$ -	$ -	$ 435,089
Accrued salaries and benefits	6,537,624	-	-	-
PEIA premiums payable	1,263,727	-	-	-
Workers' compensation payable	260,282	-	-	-
Due to other funds	31,367	-	-	170,115
Current portion of long-term debt	-	-	-	-
Current portion of long-term debt - QZAB	-	-	-	-
Long-term debt; net of current portion	-	-	-	-
Long-term debt; net of current portion - QZAB	-	-	-	-
Total liabilities	8,386,443	-	-	605,204
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Fund balances				
Reserved for encumbrances	337,510	-	-	2,100,965
Reserved for earmarked funds	402,532	-	-	-
Reserved for debt service		2,789,649	-	-
Reserved for capital projects	518,475	-	-	-
Reserved for workers' compensation	202,977	-	-	-
Reserved - designated	174,600	-	-	-
Unreserved - designated for other expenditures	-	-	-	-
Unreserved - undesignated	1,245,676	-	33,072	(2,100,965)
Total equity and other credits	2,881,770	2,789,649	33,072	-
Total liabilities, equity and other credits	$ 11,268,213	$ 2,789,649	$ 33,072	$ 605,204

Berkeley County, West Virginia
Board of Education
Combined Statement of Assets, Liabilities and Fund Equity Regulatory Basis - All Fund Types and Account Groups

2001

Fiduciary Fund Type	Account Groups		
Expendable trusts	General fixed assets	General long-term debt	Totals (Memorandum Only)
$ 1,393,856	$ -	$ -	$ 9,923,316
-	-	-	611,314
-	-	-	170,115
-	-	-	435,089
31,232	-	-	1,062,334
20,577	-	-	440,644
710,793	-	-	1,252,017
-	-	-	31,366
-	-	-	202,977
-	-	-	2,723,424
-	143,947,649	-	143,947,649
-	-	2,789,649	2,789,649
-	-	10,900,351	10,900,351
-	-	647,404	647,404
$ 2,156,458	$ 143,947,649	$ 14,337,404	$ 175,137,649
$ 126,033	$ -	$ -	$ 854,565
599,253	-	-	7,136,877
113,494	-	-	1,377,221
27,795	-	-	288,077
-	-	-	201,482
-	-	2,195,000	2,195,000
-	-	76,924	76,924
-	-	11,495,000	11,495,000
-	-	570,480	570,480
866,575	-	14,337,404	24,195,626
-	143,947,649	-	143,947,649
229,247	-	-	2,667,722
619,562	-	-	1,022,094
-	-	-	2,789,649
-	-	-	518,475
-	-	-	202,977
135,364	-	-	309,964
-	-	-	-
305,710	-	-	(516,507)
1,289,883	143,947,649	-	150,942,023
$ 2,156,458	$ 143,947,649	$ 14,337,404	$ 175,137,649

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Regulatory Basis - All Fund Types

Year ended June 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	
	General current expense	Debt service	Capital projects - bond construction	Capital projects	Expendable trusts	Totals (memorandum only)
Revenues						
Local sources						
Taxes	$ 24,164,486	$ 2,997,206	$ -	$ -	$ -	$ 27,161,692
Other local revenues	3,036,857	210,458	53	-	1,531,797	4,779,165
State sources	51,287,159	-	-	3,002,824	4,273,004	58,562,987
Federal sources	5,783,328	-	-	-	5,246,165	11,029,493
Miscellaneous sources	-	-	-	647,404	103,723	751,127
Total revenues collected	84,271,830	3,207,664	53	3,650,228	11,154,689	102,284,464
Expenditures						
General government	83,528,304	-	-	-	11,122,587	94,650,891
Capital projects	-	-	133,560	3,819,228	-	3,952,788
Debt service						
Principal	-	2,050,000	-	-	-	2,050,000
Interest	-	825,976	-	-	-	825,976
Total expenditures paid	$ 83,528,304	$ 2,875,976	$ 133,560	$ 3,819,228	$ 11,122,587	$ 101,479,655

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Regulatory Basis - All Fund Types

Year ended June 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	
	General current expense	Debt service	Capital projects - bond construction	Capital projects	Expendable trusts	Totals (memorandum only)
Excess (deficiency) of revenues over expenditures	$ 743,526	$ 331,688	$ (133,507)	$ (169,000)	$ 32,102	$ 804,809
Other financing sources (uses)						
Operating transfers in	1,154,011	-	31,945	169,000	24,635	1,379,591
Operating transfer (out)	(1,350,808)	(4,011)	-	-	(24,635)	(1,379,454)
Total other financing sources (uses)	(196,797)	(4,011)	31,945	169,000	-	137
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	546,729	327,677	(101,562)	-	32,102	804,946
Fund balances - beginning of year	2,335,041	2,461,972	134,634	-	1,257,781	6,189,428
Fund balances - end of year	$ 2,881,770	$ 2,789,649	$ 33,072	$ -	$ 1,289,883	$ 6,994,374

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- General Current Expense Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local Sources			
Property taxes	$ 23,314,580	$ 24,164,486	$ 849,906
Other local revenues	2,665,185	3,036,857	371,672
Total local sources	25,979,765	27,201,343	1,221,578
State sources	51,166,202	51,287,159	120,957
Federal sources	6,316,402	5,783,328	(533,074)
Total revenues	$ 83,462,369	$ 84,271,830	$ 809,461

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- General Current Expense Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Expenditures			
Instructional services			
Regular programs	$ 39,229,348	$ 39,144,576	$ 84,772
Special programs	11,593,974	11,570,059	23,915
Vocational programs	2,573,284	2,504,855	68,429
Adult/continuing education programs	270,807	208,972	61,835
Community service programs	392,177	387,590	4,587
Other regular programs	516,244	510,165	6,079
Undistributed support services	29,770,298	29,202,087	568,211
Total expenditures paid	84,346,132	83,528,304	817,828
Excess of revenues over expenditures	(883,763)	743,526	1,627,289
Other financing sources (uses)			
Operating transfers in	1,602,420	1,154,011	(448,409)
Operating transfers (out)	(2,679,947)	(1,350,808)	(1,329,139)
Total other financing sources (uses)	(1,077,527)	(196,797)	(1,777,548)
Excess of revenues and other financing sources over expenditures and other uses	(1,961,290)	546,729	2,508,019
Fund balance - beginning of year	1,961,290	2,335,041	373,751
Fund balance - end of year	$ -	$ 2,881,770	$ 2,881,770

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis - Debt Service Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Taxes	$ 2,871,276	$ 2,997,206	$ 125,930
Other local revenues	-	210,458	210,458
Total revenues	2,871,276	3,207,664	336,388
Expenditures			
Debt service			
Principal	3,450,000	2,050,000	1,400,000
Interest	1,840,281	825,976	1,014,305
Total debt service expenditures	5,290,281	2,875,976	2,414,305
Excess (deficiency) of revenues over expenditures	(2,419,005)	331,688	2,750,693
Other financing (uses)			
Transfer (out)	-	(4,011)	(4,011)
Total other financing (uses)	-	(4,011)	(4,011)
Excess (deficiency) of revenues over expenditures and other financing (uses)	(2,419,005)	327,677	2,746,682
Fund balance - beginning of year	2,419,005	2,461,972	42,967
Fund balance - end of year	$ -	$ 2,789,649	$ 2,789,649

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis - Capital Projects

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources	$ 2,165	$ 53	$ (2,112)
Total revenues	2,165	53	(2,112)
Expenditures			
Capital projects	166,637	133,560	33,077
Total capital projects expenditures	166,637	133,560	33,077
Excess (deficiency) of revenues over expenditures	(164,472)	(133,507)	30,965
Other financing sources (uses)			
Transfers in	164,472	31,945	(132,527)
Total other financing sources	164,472	31,945	(132,527)
Excess (deficiency) of revenues over expenditures and other financing sources	-	(101,562)	(101,562)
Fund balance - beginning of year	-	134,634	(134,634)
Fund balance - end of year	$ -	$ 33,072	$ (236,196)

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis
Capital Projects

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
State sources	$ 8,939,686	$ 3,172,939	$ (5,766,747)
Miscellaneous sources	1,000,000	647,404	(352,596)
Total revenues	9,939,686	3,820,343	(6,119,343)
Expenditures			
Capital projects	10,853,138	3,384,139	7,468,999
Total capital projects expenditures	10,853,138	3,384,139	7,468,999
Excess (deficiency) of revenues over expenditures	(913,452)	436,204	1,349,656
Other financing sources (uses)			
Transfers in	913,452	169,000	(744,452)
Total other financing sources	913,452	169,000	(744,452)
Excess (deficiency) of revenues over expenditures and other financing sources	-	605,204	605,204
Fund balance - beginning of year	-	-	-
Fund balance - end of year	$ -	$ 605,204	$ 605,204

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- Expendable Trust Funds

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Other local revenue	$ 1,902,797	$ 1,428,857	$ (473,940)
Total local sources	1,902,797	1,428,857	(473,940)
State sources	4,276,367	4,221,820	(54,547)
Total state sources	4,276,367	4,221,820	(54,547)
Federal sources	5,800,056	5,157,070	(642,986)
Total federal sources	5,800,056	5,157,070	(642,986)
Total revenues	$ 11,979,220	$ 10,807,747	$ (1,171,473)

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures Paid and Changes in Fund Balance - Budget and Actual Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Expenditures			
Instruction services			
Regular programs	$ 357,220	$ 258,255	$ 98,965
Special programs	1,763,916	1,687,656	76,260
Vocational programs	2,297,619	2,112,036	185,583
Adult/continuing education programs	2,420,525	1,942,720	477,805
Undistributed support services	5,922,525	4,720,068	1,202,457
Total instruction services	12,761,805	10,720,735	2,041,070
Total expenditures	12,761,805	10,720,735	2,041,070
Excess (deficiency) of revenues over expenditures	(782,585)	87,012	(695,573)
Other financing sources (uses)			
Operating transfers in	21,402	24,635	3,233
Operating transfers (out)	(21,402)	(24,635)	(3,233)
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	(782,585)	87,012	(695,573)
Fund balance - beginning of year	782,585	913,916	1,696,501
Fund balance - end of year	$ -	$ 1,000,928	$ 1,000,928

The accompanying notes are an integral part of these financial statements.

1. Summary of significant accounting policies

Berkeley County, West Virginia, Board of Education (Board) is a corporation created under the authority of West Virginia Code Section 18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interest in the county. The Board controls the 26 instructional facilities and the additional support facilities, which serve approximately 12,000 students and other community members in Berkeley County, West Virginia.

The accompanying financial statements have been prepared in conformity with the basis of accounting prescribed by the West Virginia Department of Education which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by generally accepted accounting principles:

Oversight responsibilities

Financial interdependency
Selection of governing authority
Designation of management
Ability to significantly influence operations
Accountability for fiscal matters

Scope of public service

Special financing relationships

Based upon the application of these criteria, there were no additional component units of government included as a part of the reporting entity.

In accordance with the basis of accounting prescribed or permitted by West Virginia State Board of Education, the individual schools throughout the County have been excluded as a part of the reporting entity, although application of the criteria discussed above indicates that they should be included. All schools submit annual financial statements for each fund maintained to the superintendent of schools. Their financial statements are examined annually at the direction of the Board.

B. Fund Accounting

The financial activities of the Board are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenue and expenditures. The funds are classified into generic fund types under the following categories.

Governmental Fund Types:

General current expense fund: The General Current Expense Fund is the general operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Debt service fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital projects fund: The Capital Projects Fund is used to account for financial resources used for the acquisition, construction, renovation, remodeling or equipping of major capital facilities.

Account Groups:

General fixed asset account group: This account group is established to account for all fixed assets of the Board.

General long-term debt account group: This account group is used to account for all long-term debt of the Board.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The James Rumsey Vocational Center and the Regional Education Service Agency (RESAVIII) is accounted for as expendable trust funds in order to account for assets held by the Board in a trustee capacity. An expendable trust is accounted for in essentially the same manner as a government fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with generally accepted accounting principles (GAAP), all governmental funds and expendable trust funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be included in the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed or permitted by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The significant differences are as follows:

Revenues are generally maintained on a modified accrual basis and are recognized in the income statement when earned with the following exception:

- Property taxes collected by the sheriff during the month of June but not received by the Board until July are reflected as taxes receivable and included in current year's revenue.

Expenditures are recognized in the income statements when incurred.

Receivables include ad valorem property taxes on hand with the sheriff as of year end that have not been distributed to the Board, interest earned on investments, state aid to schools, public employees insurance allocation and certain reimbursements receivables. These items have been accrued and are reported as revenues in the Board's income statements.

Payables include itemized claims for payments of goods or services received before year-end for which payment has not been issued or released to the vendor.

Encumbrances are recorded at the time purchase orders are issued or contracts awarded and include accounts payable and accrued expenses, as well as normal GAAP encumbrances such as unperformed contracts or obligations for goods and services.

Earmarked funds include the excess of monies received for specifically funded projects or programs over expenditures paid and encumbrances incurred for those projects or programs. Earmarked funds are recognized in the accompanying financial statements as a reserve of fund balances without a corresponding entry to an applicable revenue account.

D. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The Board is required to hold a meeting or meetings between the seventh and twenty-eighth day of March to ascertain the financial condition of the Board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then submitted for approval to the Department of Tax and Revenue after which the Board reconvenes on the third Tuesday of April to formally lay the levy.

2. The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of School Finance. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2001 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool; however, the underlying assets are not separately identifiable as to specific types of securities but consist of United State Treasury securities and repurchase agreements.

All investments of the Board at June 30, 2001, are summarized as follows:

	Carrying amount	Fair value
West Virginia Municipal Bond Commission pooled investments	$2,723,424	$2,723,424
Repurchase agreements	8,022,410	10,546,200
Total investments	**$10,745,834**	**$13,269,624**

G. Inventories

The Board considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the Board's financial statements.

H. Prepaid Items

Except for deposits on workers' compensation premiums, payments made to vendors for services that will benefit periods beyond June 30, 2001 are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. As permitted by the West Virginia Department of Education, fixed assets are valued at appraisal value for insurance purposes or other approximate value. Fixed assets are reported at historical cost, net of depreciation, for the financial statements.

J. Long-Term Obligations

The current portion of long-term debt is recognized as a liability of the debt service fund and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Capital lease obligations and bond issuances are reported entirely in the general long-term debt account group.

K. Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The unreserved, designated fund balance represents that portion of Board funds committed by official Board action prior to June 30, 2001, for specific capital projects or other specific purposes such as textbooks. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2001. The unreserved, undesignated fund balance represents funds available for reappropriation.

L. Accounting Estimates

The preparation of financial statements, in conformity with the accounting principles prescribed by the West Virginia Department of Education, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures.

M. "Memorandum Only"– Total Columns on Combined Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

2. Change in accounting policy

As required by the basis of accounting prescribed by the West Virginia Department of Education, the Board changed its method of accounting for donated foods. For the year ended June 30, 2001, the Board began recording the revenues and expenditures for goods received during the fiscal year.

In addition, the Board began recording a receivable for food service billings that are outstanding at June 30, net of estimated uncollectibles.

3. Risk management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in several risk management programs administered by the State of West Virginia.

Board of Risk and Insurance Management (BRIM): The Board has joined with other governmental entities to participate in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The participants shall pay the cost of all coverage as determined by BRIM. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

Public Employee's Insurance Agency (PEIA): The Board provides employee health and basic life insurance benefits through Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a general employee benefit insurance program that includes hospital, surgical, major medical, prescription drug and basic life and accidental death. The PEIA Finance Board establishes fund underwriting and rate setting policies. The participants pay the cost of all coverage as determined by the Finance Board. Coverage under these programs is limited to $1 million lifetime for health and $10,000 of life insurance coverage. Insureds may purchase up to an additional $ 50,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features and purchases insurance coverage for the life features of the plan, has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers' Compensation Fund (WCF): West Virginia is one of six states operating an exclusive state-managed Workers' Compensation Insurance Fund which means that private insurance companies cannot offer coverage to employers. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage, as determined by the WCF Compensation Programs Performance Council, is paid by the employers. The WCF risk pool retains all risk related to the compensation of injured employees under the program.

4. Property taxes

All property in the State is classified as follows for ad valorem purposes:

Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.

Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III All real and personal property situated outside of municipalities, exclusive of Class I and II property.

Class IV All real and personal property situated inside of municipalities, exclusive of Class I and II property.

Note: A five-year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property tax is to be taxed at 50% of assessed valuation for tax year 1998; 40% for tax year 1999; 30% for tax year 2000; 20% for tax year 2001 and 10% for tax year 2002.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	**22.95**	¢	per $100 of assessed valuation
Class II	**45.90**	¢	per $100 of assessed valuation
Class III	**91.80**	¢	per $100 of assessed valuation
Class IV	**91.80**	¢	per $100 of assessed valuation

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessor's Valuations Fund are also to be excluded from the calculation. The rates of levy for the 2001 year were: 20.48¢ for class I property, 40.96¢ for class II property, 81.92¢ for class III and IV property.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the board per $100 assessed valuation for each class of property for the fiscal year ended June 30, 2001, were:

Class of purposes	Assessed valuations for tax purposes	Levy rates	Excess levy	Bond service
Class I	$ 184,461,029	20.48 ¢	22.50 ¢	5.20 ¢
Class II	$ 972,290,450	40.96 ¢	45.00 ¢	10.40 ¢
Class III	$ 622,839,938	81.92 ¢	90.00 ¢	20.80 ¢
Class IV	$ 262,867,451	81.92 ¢	90.00 ¢	20.80 ¢

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may restrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

5. Special excess levy

The Board had an excess levy in effect during the fiscal year ended June 30, 2001. The levy was authorized by the voters of the county at an election held on May 12, 1998 for the fiscal years ended June 30, 2000 through June 30, 2003 to provide funds for the following purposes:

1. To continue the present local salary supplements and benefits of all school personnel (excluding the Superintendent) at an approximate total annual cost of the salary supplements, related fixed costs, and benefits of $6,400,000. Such funding will allow Berkeley County to employ and retain highly qualified personnel who have contributed to the county's instructional progress.

2. To continue to provide instructional materials, textbooks and instructional equipment at an approximate total annual cost of $1,650,000.

3. To continue to provide financial support of the following community organizations and agencies; Berkeley County Health Department at $15,000; Berkeley County Parks & Recreation at $50,000; West Virginia University 4-H Extension Office at $25,000; Eastern Panhandle Training Center at $15,000; and the PASS (Providing Academic and Self-Esteem Support) Program at $25,000 for an approximate total annual cost of all programs at $130,000.

4. To continue to address increased enrollment in Berkeley County by providing additional staff where necessary and by providing additional equipment and property at an approximate annual cost of $1,256,700.

5. To continue to provide for the upkeep and maintenance of existing facilities by providing the necessary supplies, services, or equipment at an approximate annual cost of $1,150,000.

A total of $12,650,091, was received by the Board from the excess levy during the fiscal year ended June 30, 2001.

6. Fixed assets

At June 30, 2001 the general fixed asset account group consisted of the following:

Land	**$ 2,905,000**
Buildings and Improvements	**125,860,649**
Furniture and equipment	**11,302,000**
Vehicles	**3,880,000**
Total	**$ 143,947,649**

7. Long-term debt

The Board has issued general obligation bonds for the purpose of financing part of the cost of site acquisition where applicable, improvement, construction, erection, renovation, furnishings, equipping and improving and adding to existing school buildings in the Berkeley County School District.

The following is a summary of bonds outstanding at June 30, 2001:

Issue date	Maturity date	Interest rates	Amount outstanding 6/30/00	Issued during year	Principal payments/ defeasements	Amount outstanding 6/30/01
03/01/95	2003	4.8%-5.61%	$ 3,665,000	$ -	$ 1,130,000	$ 2,535,000
06/01/95	2010	125%-6.125%	12,075,000	-	920,000	11,155,000
			$ 15,740,000	$ -	$ 2,050,000	$ 13,690,000

Bonds outstanding at June 30, 2001 are as follows:

On March 1, 1995, the Board issued $8,205,000 in General Obligation Bonds with an average interest rate of 5.36% to advance refund $7,650,000 of outstanding 1988 Series bonds with an average interest of 7.21%. The net proceeds of $8,118,848 (after payment of $886,512 in underwriting fees, insurance, and other issuance costs) plus an additional $1,043,520 of 1988 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in trust with an escrow agent to provide for all future debt service payments on the 1988 Series bonds. As a result, the 1988 series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 2001, the remaining principal outstanding on the 1988 Series Bonds is $2,475,000.

The Board's future debt service requirements for bonded debt are as follows:

Year	Principal	Interest	Total
2002	$ 2,195,000	$ 702,776	$ 2,897,776
2003	2,345,000	576,566	2,921,566
2004	1,090,000	443,701	1,533,701
2005	1,155,000	381,026	1,536,026
2006	1,225,000	324,431	1,549,431
2007	1,300,000	263,181	1,563,181
2008	1,375,000	198,181	1,573,181
2009	1,460,000	129,431	1,589,431
2010	1,545,000	63,731	1,608,731
	$ 13,690,000	$ 3,083,024	$ 16,773,024

Capital lease:

In December 2000, the Board was awarded a $1,000,000 Qualified Zone Academy Bond (QZAB) from the School Building Authority. It is being used to pay for HVAC and Food Service Equipment at the new Eagle School Intermediate. Through June 30, 2001, $647,404 of these funds have been used and expensed through the Capital Projects Fund. There remains $352,596 to be withdrawn and used for the school project. These funds will be used by September of 2001. The QZAB is to be considered a capital lease. The Board will make thirteen annual payments of $76,924 from its General Current Expense fund to retire the debt on this lease. The first payment will be January, 2002.

The following are maturities of the capital lease:

2002	$	76,924
2003		76,924
2004		76,924
2005		76,924
2006		76,924
Thereafter		615,380
	$	1,000,000

8. State and local government retirement systems

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System or the Teachers' Defined Contribution Retirement System. For the year ended June 30, 2001, the Board's total payroll for all employees was $53,281,421 and was $50,347,199 for all employees covered by the two retirement programs.

Trend information: Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans, is available from the Consolidated Public Retirement Board.

Conversion of leave for post-retirement: Upon retirement, an employee's annual or sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

Teachers Defined Contribution Retirement System

Plan description: All board of education employees hired after July 1, 1991, participate in this retirement system. Employees in the old Teachers' Defined Benefit System (TDBS) may now, or in the future, freeze their benefits in that plan and become a member of the Teachers' Defined Contribution Plan (TDCP). Members with less than five years of credited service in the old plan may change to the TDCP and transfer the funds they deposited in the old plan to this plan. Once a member has transferred to the TDCP, the member will not be allowed to rejoin the old plan. There were 25,278 members in the TDCP plan at June 30, 2001.

A unique feature about the TDCP is that each member chooses the investment options and may make changes at the beginning of each calendar quarter. The member may choose from among seven investment options in multiples of 5%. The investment options are Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, VALIC individually Allocated Fixed Annuity, Vanguard Money Markets Reserves Prime, Washington Mutual Investors and Federated Max-Cap.

Employees are eligible to participate from the date of employment. Employer contributions vest with the member as follows: one-third after 6 years, two-thirds after 9 years and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2000, this plan has approximately $292,712,000 in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the TDCP is the responsibility of Milliman and Robertson, an independent third-party administrator.

Funding status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, invested employer contributions are, by statute, to be transferred to the employer accumulation account of the TDBS.

Contribution requirements and payments made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants are required to contribute 4.5% of their gross salary, and the board of education contributes 7.5% of its employee salary to the retirement plan, for a total of 12% annually.

Total payments to the TDCP for the year ended June 30, 2001, remitted and/or expensed through the accounting records of the Board are as follows:

	2001
Employees' contributions (4.5%)	$ 1,200,583
Employer's contributions (7.5%)	1,999,834
Total contributions	$ 3,200,417

Teachers' Defined Benefit Retirement System

Plan description: This retirement system was established on July 1, 1941, and was closed for new members on July 1, 1991. As of June 30, 2000, the system has approximately 25,278 active members and approximately 24,360 members receiving benefits. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service, or any age with at least 35 years of credited service. A member may retire with reduced benefits before age 55 after attaining 30 years of credited service. Terminated members with at least five, but less than 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Terminated members with 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. A member may also receive a disability benefit after completing 10 years of service, if the member is disabled for 6 months, unable to perform his/her regular occupation and the Retirement Board expects the disability to be permanent. The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes information for the Plan. That report may be obtained by writing to the West Virginia Consolidated Public Retirement Board; Capital Complex; Building 5, Room 1000; 1900 Kanawha Boulevard.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least 5 years of credited service, the membership may be frozen until the member qualifies for retirement, or contributions may be withdrawn from the plan. The employer contributions remain with the plan. Retirement benefits are based on 2% of the average of the member's 5 highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and 10 year Certain and Life Annuity. Pre-retirement death benefits are paid to the spouse of the deceased member providing the member had attained the age of 50 years and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with 100% Joint and Survivor pension. If the member's age and service are less than that required, the accumulated sum of the member's and employer contributions, with interest, is paid to the member's beneficiary or estate.

Funding status: At June 30, 2000, the plan's unfunded liability was $3.84 billion according to the 2000 Actuarial Valuation Report.

Contribution requirements and payments made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross salary and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually.

Employer contributions are derived from state appropriations and Board payments. Federally funded grant programs provide the funding for the employer contribution for salaries paid from Federal grants.

The required contributions of the entire Plan for the year ended June 30, 2001, are as follows:

Year ended June 30,	**2001**
Required contributions	**$ 229,926,000**
As a % of current year covered payroll	**17.91%**

The Capital Projects Fund has a negative fund balance of $1,665,876 that is due to outstanding contracts and purchase orders for the two intermediate school projects. The funds to be received from the SBA, the QZAB, and the reserved general fund more that offset this amount. The combination of funds will complete both projects.

On September 29, 2001, the Berkeley County Board of Education passed a bond issue in the amount of $27,800,000, with maturities on the bonds to run not more that 15.5 years, with interest not exceeding the rate of 7.25% per annum, payable semi-annually, for the purpose of making improvements to Berkeley County Schools.

Berkeley County, West Virginia
Board of Education
Combining Statement of Assets, Liabilities and Fund Equity - Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Expendable Trust Funds		
	James Rumsey Vocational Center	RESA VIII	Total
Assets			
Cash	$ 338,824	$ 766,079	$ 1,104,903
Due from other governments			
State aid to schools	14,182	6,395	20,577
PEIA allocations	31,232	-	31,232
Reimbursements	180,172	530,621	710,793
Total assets	$ 564,410	$ 1,303,095	$ 1,867,505
Liabilities, equity and other credits			
Accounts payable	$ 34,936	$ 91,097	$ 126,033
PEIA premiums payable	49,226	67,034	116,260
Workers' compensation payable	10,298	14,731	25,029
Salaries and related withholdings payable	266,902	332,351	599,253
Total liabilities	361,362	505,213	866,575
Equity and other credits			
Fund balances			
Reserved for encumbrances	47,006	165,920	212,926
Reserved for earmarked funds	172,930	446,632	619,562
Unreserved - designated for other expen	-	135,364	135,364
Unreserved - undesignated	(16,888)	49,966	33,078
Total equity and other credits	203,048	797,882	1,000,930
Total liabilities, equity and other credits	$ 564,410	$ 1,303,095	$ 1,867,505

The accompanying notes are an intergral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Expendable Trust Funds		
	James Rumsey Vocational Center	RESA VIII	Total
Revenues			
Local sources			
Other local revenues	$ 939,171	$ 489,686	$ 1,428,857
State sources	2,856,823	1,364,997	4,221,820
Federal sources	141,924	5,015,146	5,157,070
Total revenues	3,937,918	6,869,829	10,807,747
Expenditures			
General government	4,056,800	6,663,935	10,720,735
Total expenditures	4,056,800	6,663,935	10,720,735
Excess (deficiency) of revenues over expenditures	(118,882)	205,894	87,012
Other financing sources (uses)			
Operating transfers in	-	24,635	24,635
Operating transfers our	-	(24,635)	(24,635)
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(118,882)	205,894	87,012
Fund balances - beginning of year	321,930	591,988	913,918
Fund balances - end of year	$ 203,048	$ 797,882	$ 1,000,930

The accompanying notes are an integral part of these financial statements.

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Year ended June 30,

	James Rumsey Vocational Center (Fund 13)		
	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Other local revenues	$ 1,308,590	$ 939,171	$ (369,419)
Total local sources	1,308,590	939,171	(369,419)
State sources	2,955,907	2,856,823	(99,084)
Federal sources	147,091	141,924	(5,167)
Total revenues	4,411,588	3,937,918	(473,670)
Expenditures			
Instruction services			
Regular programs	110,526	109,595	931
Special programs	-	-	-
Vocational programs	1,792,444	1,730,354	62,090
Adult/continuing education programs	1,427,023	1,280,659	146,364
Community service programs	-	-	-
Undistributed support service	1,257,766	936,192	321,574
Total expenditures	4,587,759	4,056,800	530,959
Excess (deficiency) of revenues over expenditures	(176,171)	(118,882)	57,289
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers our	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(176,171)	(118,882)	57,289
Funds balance - beginning of year	176,171	321,930	145,759
Fund balances - end of year	$ -	$ 203,048	$ 203,048

Berkeley County, West Virginia
Board of Education
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual Regulatory Basis - Expendable Trust Funds

2001

RESA VIII			Total		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
$ 594,207	$ 489,686	$ (104,521)	$ 1,902,797	$ 1,428,857	$ (473,940)
594,207	489,686	(104,521)	1,902,797	1,428,857	(473,940)
1,320,460	1,364,997	44,537	4,276,367	4,221,820	(54,547)
5,652,965	5,015,146	(637,819)	5,800,056	5,157,070	(642,986)
7,567,632	6,869,829	(697,803)	11,979,220	10,807,747	(1,171,473)
246,694	148,660	98,034	357,220	258,255	98,965
1,763,916	1,687,656	76,260	1,763,916	1,687,656	76,260
-	-	-	1,792,444	1,730,354	62,090
505,175	381,682	123,493	1,932,198	1,662,341	269,857
993,502	662,061	331,441	993,502	662,061	331,441
4,664,759	3,783,876	880,883	5,922,525	4,720,068	1,202,457
8,174,046	6,663,935	1,510,111	12,761,805	10,720,735	2,041,070
(606,414)	205,894	812,308	(782,585)	87,012	(695,573)
-	24,635	24,635	-	24,635	24,635
-	(24,635)	(24,635)	-	(24,635)	(24,635)
-	-	-	-	-	-
(606,414)	205,894	812,308	(782,585)	87,012	(695,573)
606,414	591,988	(14,426)	782,585	913,918	1,696,503
$ -	$ 797,882	$ 797,882	$ -	$ 1,000,930	$ 1,000,930

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education

Schedule of Expenditures of Federal Awards

Year ended June 30, **2001**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
U.S. Department of Education		
Passed-through West Virginia Department of Education		
Title I	84.010	$ 1,903,921
IDEA Part B preschool	84.173	68,240
Vocational education - basic grants to states	84.048	109,102
Adult basic education	84.002	71,182
IDEA Part B	84.027	1,092,477
Title IV - innovative education program strategies	84.298	63,560
Safe and drug free schools	84.186	95,525
Homeless children and youth	84.196	5,911
Title II - Dwight Eisenhower Professional Development Fund	84.281	53,910
Class size reduction	84.340	352,440
Total U.S. Department of Education		3,816,268
U.S. Department of Agriculture (nutrition cluster)		
Passed-through West Virginia Department of education		
Nutrition cluster		
School breakfast program	10.555	5,020,839
		$ 5,020,839

See accompanying notes to schedule of expenditures of Federal awards.

Berkeley County, West Virginia
Board of Education

Schedule of Expenditures of Federal Awards

Year ended June 30, **2001**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
Passed-through West Virginia Department of Health and Human Resources		
Donated foods program (non-cash assistance)	10.550	$ 183,781
Total U.S. Department of Agriculture		5,204,620
U.S. Department of labor		
Passed-through West Virginia Department of Education		
School-to-work implementation	17.249	23,186
Total expenditures of federal awards		$ 9,044,074

See accompanying notes to schedule of expenditures of Federal awards.

Berkeley County, West Virginia
Board of Education
Notes to the Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2001

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the Federal grant activity of **Berkeley County, West Virginia, Board of Education** and is presented on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The basis of accounting is described in detail in Note 1 to the accompanying financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

2. Non-cash assistance

The **Berkeley County, West Virginia, Board of Education's** non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of $183,781 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2001.

ALBRIGHT CRUMBACKER MOUL & TELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

We have audited the financial statements of **Berkeley County, West Virginia, Board of Education** (the Board) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Our report on the financial statements stated that such financial statements did not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Berkeley County, West Virginia, Board of Education** (the Board) as of June 30, 2001, and results of its operations for the year then ended. However, the report further stated that such financial statements presented fairly the financial position and results of the operations of **Berkeley County, West Virginia, Board of Education** (the Board) as of and for the year ended June 30, 2001, in conformity with the other comprehensive basis of accounting prescribed or permitted by the West Virginia Department of Education which was described in Note 1 to such financial statements.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control of financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia Department of Tax and Revenue, the West Virginia Department of Education and other state and Federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

ALBRIGHT CRUMBACKER MOUL & TELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

Compliance

We have audited the compliance of **Berkeley County, West Virginia, Board of Education** (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The Board's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliace with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider material weaknesses.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia Department of Tax and Revenue, the West Virginia Department of Education and other state and federal agencies and is not intended and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

Berkeley County, West Virginia
Board of Education
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2001

I. Summary of independent auditor's results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes _X_No
- Reportable condition(s) identified that are not considered to be material weaknesses? _X_Yes ___None Reported

Noncompliance material to financial statements noted? ____Yes _X_No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes _X_No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____Yes _X_None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____Yes _X_No

Berkley County, West Virginia
Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2001

Identification of major programs:

CFDA number	Name of federal program or cluster	Amount expended
	U.S Department of Education Passed-through West Virginia Department of Education	
84.340A	Class size reduction	$ 352,440
		$ 352,440
	U.S. Department of Agriculture (Nutrition Cluster) Passed-through West Virginia Department of Education	
10.553	School breakfast program	$ 5,020,839
		$ 5,020,839

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? X Yes ___ No

II. Financial statement findings

Reportable conditions in internal control:

01-1 Property and Equipment controls

Criteria or specific requirement

In a properly designed internal control system all fixed assets are tagged and accounted for on an annual basis. All additions are added to the fixed asset listing at the time of purchase and all disposals are recorded on a timely basis upon disposal.

Condition

The Board does not maintain detailed records of property and equipment, and does not reconcile additions and disposals of property and equipment on an annual basis. The Board contracted with a valuation company to assess the fixed assets at historical cost and calculate what the depreciation on those assets should be as of June 30, 2001. However, there will be no testing or examination of the valuation firm's calculations or of the procedures performed by the valuation firm to obtain the historical cost or depreciation values.

Questioned Costs

None

Context

Adequate property and equipment records are not maintained.

Effect

Due to the lack of examination and testing of the valuation firm's calculations and procedures in obtaining the historical cost and depreciation values, no reliance can be placed on those numbers.

Cause

The Board has not been required to accumulate such records in the past.

Recommendation

We recommend that the Board consider using the valuation firm's report as a basis for starting and then maintaining a fixed assets schedule. We also recommend that additions and disposals be reconciled from year to year in order to maintain an accurate listing of assets held.

III.	**Federal award findings and questioned costs**	Current year – None Questioned costs – None

00-4 Allowable costs

Condition
This finding was a reportable condition that stated that the Board did not monitor program expenditures to determine whether only approved personnel costs were included in program expenditures.

Recommendation
The auditors recommended that expenditure records for the affected grant for the year ended June 30, 2000, be adjusted by the Board subsequent to June 30, 2000. The prior year financial statements and Schedule of Expenditures of Federal Awards should also be adjusted for this error. The grantor agency should be contacted to see what other actions, if any, are necessary.

The auditors also recommended that the Class-Size Reduction Director receive and approve monthly reports of employees charged to the program to ensure that only approved employees are charged to the program.

Current Status
The recommendations were adopted during the fiscal year ending June 30, 2001. No similar findings were noted in the 2001 audit.

00-5 Eligibility

Condition
This finding was a reportable condition that stated that there was not a documented process over all applications to determine that eligible students are evaluated for classification as free, reduced or full pay by an employee other than the preparer.

Recommendation
The auditors recommended that the National School Lunch and Child Nutrition Act and OMB-A87 be followed and that a second individual review and approve all applications for free, reduced or full pay status and all supporting documentation.

Current Status
The recommendations were adopted during the fiscal year ending June 30, 2001. No similar findings were noted in the 2001 audit.

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APPENDIX B

_____, 2002

$27,800,000
The Board of Education of the County of Berkeley (West Virginia)
Public School Bonds, Series 2002

The Board of Education of the County of Berkeley
Martinsburg, West Virginia

[Purchaser]

_____

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $27,800,000 Public School Bonds, Series 2002 (the "Bonds"), of Berkeley County School District, by and through The Board of Education of the County of Berkeley, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated _____, 2002, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2002, and are subject to redemption prior to maturity at the times and prices as set forth in the Official Statement of the Issuer, dated _____, 2002.

The Bonds were authorized at an election held in Berkeley County School District on September 29, 2001, and by a resolution and order adopted by the Issuer on October 16, 2001, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation and repair of certain public school buildings, together with the sites thereof and all necessary appurtenances, in Berkeley County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications made in connection with the issuance of the Bonds, we are of the opinion that, under existing law:

1. The Issuer is a school district presently existing under the laws of, and a political subdivision of, the State of West Virginia, with full power and authority to adopt the Resolution and to issue and sell the Bonds under the provisions of the Act and other applicable provisions of law.

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Berkeley County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds.

4. Under the Act, the Bonds are exempt from all taxation by the State of West Virginia or by any political subdivision thereof.

In expressing this opinion, we have considered the litigation instituted in certain states including the State of West Virginia, such as Pauley v. Bailey, 324 S.E.2d 128 (W.Va. 1984), challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes, including certain proceedings commenced in 1994 to enforce the Bailey decision, and in our opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Berkeley County, West Virginia, for the payment of the Bonds, if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in this opinion.

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX C

PROPOSED PROJECTS

The Board proposes to utilize the proceeds of the Bonds in the following manner:

Project	Location	Estimated Cost	
		Bond Proceeds	SBA Grant
NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
NEW BACK CREEK VALLEY/ GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000
EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/ dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, to-gether with all necessary furnishings, fixtures, equipment and appurtenances	Existing Back Creek Elementary School	$ 800,000	$ -0-
EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior	Existing Hedgesville Elementary School	$3,300,000	$ -0-

wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.			
EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-
EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets.	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
TOTALS		$27,800,000	$15,450,000

Approximate total cost to be paid from bond proceeds	$27,800,000
Approximate total cost to be paid from SBA grants	$15,450,000
Approximate total cost of all projects	$43,250,000

The above amounts include costs of site acquisition and improvement, demolition, as needed, construction, erection, furnishings and equipping of such Project, architectural engineering fees and costs, interest on the Bonds during construction of the Project and for six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying our and completing the Project.

APPENDIX D

ELECTED OFFICIALS OF THE BOARD

Dr. William F. Queen

- President of Berkeley County Board of Education
- Serves in Norborne District
- Employer/Position
  - -Self employed dentist for 24 years
  - -Associate Professor – WVU School of Dentistry – 24 years
- Community Involvement
  - -Board Member – Berkeley County Board of Education – 6 years
  - -Treasurer – Martinsburg Little League Association – 12 years
  - -Committee Appointments currently serving WVU School of Dentistry
    1. Curriculum Committee
    2. Visiting Committee
    3. Faculty Search Committee
    4. Building Greatness Campaign Committee

Mrs. Berniece D. Collis

- Vice President of Berkeley County Board of Education
- Serves in Potomac District
- Employer/Position
  - -Minghini General Contractors, Inc./Vice President and Owner
- Community Involvement
  - -Past President Chamber of Commerce
  - -Board of Directors of Girl Scouts
  - -Board of Directors of Boarman Arts Center
  - -Board of Directors of Associated Builders & Contractors
  - -Rotarian
  - -Vice President – Martinsburg High School Soccer Boosters Association
  - -Treasurer of Epic Panthers Soccer Team
  - -Treasurer of Money Unlimited Investment Club

Mr. Todd M. Beckwith

- Member of Berkeley County Board of Education
- Serves in Norborne District
- Employer/Position
  - -City National Bank /Senior Vice President
- Community Involvement
  - -Serves on the Finance Committee of Trinity United Methodist Church
  - -Serves on Tri-County Pastoral Committee
  - -Member of Lions Club

Mr. William "Bill" Norris

- Member of Berkeley County Board of Education
- Serves in Shenandoah District
- Employer/Position
  - -Talk Radio WRNR – Sales Representative
  - -Owner of Mr. J Extravaganza – Marketing and Promotions Company
- Community Involvement
  - -Member of Destiny Baptist Church
  - -Member of The Diversity Committee
  - -Serves with the P.A.S.S. Program

Mr. George William Sonnik, III

- Member of Berkeley County Board of Education
- Serves in Tuscarora District
- Employer/Position
  - -Verizon Communications – Health Care Benefits Coordinator – 33 years
- Community Involvement
  - -United Way
  - -Red Cross Blood Donor Program
  - -Past member of the parish council at St. Joseph Roman Catholic Church
  - -Member of the local Chamber of Commerce

APPOINTED OFFICIALS OF THE BOARD

Superintendent of Berkeley County Schools

Mr. Manny P. Arvon, II

- Superintendent since 1997
- Graduated from Shepherd College, B.S. Education in 1973
- Graduated 1979 from West Virginia University, Masters in Education Administration

Deputy Superintendent of Berkeley County Schools

Mr. Frank Aliveto

- Assistant/Deputy Superintendent of Instruction since 1996
- Graduated from Shepherd College, B.A. Education in 1971
- Graduated 1985 from West Virginia University, Masters in Education Administration

Assistant Superintendent of Berkeley County Schools

Mr. David R. Deuell

- Assistant Superintendent of Human Resources since April 2001
- Graduated from West Virginia University, B.A. Education in 1973
- Graduated 1981 from West Virginia University, Masters in Education Administration

Assistant Superintendent of Berkeley County Schools

Mr. Jim Welton

- Assistant Superintendent of Finance since 1992
- Graduated from West Virginia University in 1971, B.S. Business Administration
- Graduated from Frostburg State University in 1978, Masters in Management

Directors of Berkeley County Schools

Mr. Ray Bennett	Director of Vocational and Adult Education
Mrs. Mary Jo Brown	Director of Public Relations
Dr. Ron Brown	Director of Special Education
Mr. Larry Carte	Director of Department of Transportation
Dr. Taylor Perry	Director of Pupil Services
Mrs. Christine Edwards	Director of Federal Programs and Grants
Dr. Nancy Kilmon	Director of Research and Technology
Mrs. Donna Miller	Director of Department of Instruction
Mr. Don Mitchell	Director of Facilities
Mrs. Laura Lilly Sutton	Director of Legal Services
Mrs. Kathy Yost	Director of Food Services

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APPENDIX E

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CONTINUING DISCLOSURE CERTIFICATE

The Board of Education of the County of Berkeley, West Virginia (the "Issuer") hereby certifies in connection with the $27,800,000 aggregate principal amount of The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002 (the "Bonds"), as follows:

1. The Issuer hereby agrees to a continuing disclosure obligation for the benefit of the Registered Owners of the Bonds to provide certain financial and operating information (the "Annual Information") within ten (10) days following completion and approval of the annual audit of the fiscal year of the Issuer and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events specified below to each National Repository, to the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository. The names and addresses of each current National Repository and any State Depository are shown on Exhibit A attached hereto and made a part hereof.

2. The Annual Information will consist generally of the audited financial statements of the Issuer. Any such information may be supplied by specific reference to information previously supplied to each National Repository and any State Depository or the Securities and Exchange Commission ("SEC"). Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

3. This continuing disclosure obligation is being undertaken by the Issuer to comply with requirements promulgated by the SEC. The Issuer has agreed to give notice in a timely manner to each National Repository, to the MSRB, and to each State Depository of any failure to supply the Annual Information. However, any such failure will not constitute a default under the terms of the Bonds. Registered Owners may contact the Superintendent of the Issuer at 401 South Queen Street, Martinsburg, West Virginia 25401 (304/267-3500)for more information.

4. (a) This obligation constitutes the written undertaking for the benefit of the Registered Owners of the Bonds required by Section (b) (5) (i) of SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12 (the "Rule"). It is the Issuer's express intention that this obligation is for the benefit of the Registered Owners and that each owner be a beneficiary of this provision with the right to enforce this provision directly against the Issuer. Capitalized terms used in this provision shall have the meanings assigned such terms in subsection (d) hereof.

(b) The Issuer, as an "obligated person" within the meaning of the Rule, undertakes to provide the Annual Information consisting of the following:

(1) Annual Financial Information;
(2) Audited Financial Statements; and
(3) Material Event Notices.

(c) (1) The Issuer shall, while the Bonds are outstanding, provide the Annual Information to each National Repository and any State Depository within 10 days following the completion and approval of the annual audit of (the "Report Date"), beginning in 1997. The Issuer shall include with each submission of Annual Information a written representation to the effect that the Annual Information is the Annual Information required hereby and that it complies with these requirements. The Issuer may adjust the Report

Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each National Repository and any State Depository provided that the new Report Date shall be 10 days after the completion and approval of the annual audit, and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to each National Repository and any State Depository the Annual Information by specific reference to documents previously provided to each National Repository and any State Depository or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(2) If not provided as part of the Annual Information, the Issuer shall provide the Audited Financial Statements to each National Repository and any State Depository when and if available while Bonds are Outstanding.

(3)(i) If a Material Event occurs while the Bonds are Outstanding, the Issuer shall provide a Material Event Notice to the MSRB, and each National Repository and any State Depository in a timely manner. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(ii) The Registrar shall promptly advise the Issuer that whenever, in the course of performing its duties as Registrar under the Registrar's Agreement, the Registrar identifies an occurrence which, if material, would require the Issuer to provide a Material Event Notice pursuant to clause (3)(i); provided that the failure of the Registrar so to advise the Issuer shall not constitute a breach by the Registrar of any of its duties and responsibilities under the Registrar's Agreement.

(d) The following are the definitions of the capitalized terms used in this Section and not otherwise defined herein.

(1) "Annual Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement with respect to the Bonds attached thereto as Appendix A, which Annual Information shall include Audited Financial Statements.

(2) "Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP.

(3) "Material Event" means any of the following events, if material, with respect to the Bonds.

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) Bond calls;
(ix) Defeasances;
(x) Release, substitution or sale of property securing repayment of the securities;
(xi) Interruptions in normal assessment and ad valorem property tax procedures and collections; and
(xii) Rating changes.

(4) "Material Event Notice" means written or electronic notice of a Material Event.

(e) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

(f) The continuing obligation of the Issuer to provide Annual Information, Audited Financial Statements and Material Event Notices shall terminate immediately once the Bonds are no longer Outstanding. This obligation shall be null and void in the event that the Issuer delivers to the Registrar an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require such disclosure are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Issuer shall have provided notice of such delivery and the cancellation of this obligation to each National Repository and any State Depository. This obligation may be amended only upon the delivery by the Issuer to the Registrar of the proposed amendment and a determination described in clause (iii) below; provided that the Issuer shall have provided notice of such delivery and of the amendment to each National Repository and any State Depository. Amendments to this obligation shall only be made in the following circumstances:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted;

(ii) This provision, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of Registered Owners, as determined by parties unaffiliated with the Issuer (such as the Registrar or Bond Counsel).

The Annual Information shall explain, in narrative form, the reasons for any amendment and the impact of the change in the type of Annual Information being provided.

If any amendment is made to this obligation specifying the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made should present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to each National Repository and any State Depository.

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY, WEST VIRGINIA

By: _____
President

ATTEST:

_____
Secretary

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of December 1, 1999:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@bloomberg.com

Thomson NRMSIR
Attn: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Phone: (212) 807-5001 or (800) 689-8466
FAX: (212) 989-2078
E-mail: Disclosure@tfn.com

Kenny Information Systems, Inc.
65 Broadway, 16th Floor
New York, NY 10006
Phone: (212) 770-4595
FAX: (212) 797-7994

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

APPENDIX F

OFFICIAL NOTICE OF SALE
$27,800,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF BERKELEY, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 2002

Sealed proposals will be received on behalf of The Board of Education of the County of Berkeley(West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Standard Time on January 30, 2002, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the $27,800,000 Public School Bonds, Series 2002 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on May 1 in the years and in the amounts as follows:

Year	Principal Amount
2003	$1,015,000
2004	1,390,000
2005	1,455,000
2006	1,525,000
2007	1,600,000
2008	1,675,000
2009	1,755,000
2010	1,840,000
2011	1,925,000
2012	2,015,000
2013	2,110,000
2014	2,210,000
2015	2,315,000
2016	2,425,000
2017	2,545,000

The 2002 Series A Bonds maturing on and after May 1, 2013, are subject to redemption, on or after May 1, 2012, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2012 to April 30, 2013	101%
May 1, 2013 and thereafter	100%

In the event of such optional redemption, the Issuer may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Berkeley County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds when due.

The Bonds will be dated February 1, 2002, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for payment of the Bonds and United National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from February 1, 2002, and will be payable November 1, 2002, and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Mr. Manuel P. Arvon, II, Superintendent of Schools of the County of Berkeley, delivered to the address shown in the first paragraph in this Notice of Sale, and marked on the outside in substance "Proposal for Bonds". Each proposal must state the amount bid for the Bonds (not less than $27,800,000) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must not state (a) any interest rate which is in excess of 7.25% per annum, (b) more than one interest rate for any Bonds having like maturity, (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), nor (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds ($556,000), payable to the order of The Board of Education of Berkeley County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as part payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

As an alternative to delivering a good faith check as described above, a bidder may enclose with its bid a financial surety bond in the amount of $556,000 issued by an insurance company, the claims paying ability of which is rated AAA by Standard and Poor's Rating Group and is licensed to issue such a bond in the State of West Virginia, naming the Board as beneficiary (a "Surety Bond"). The Surety Bond will identify the bidder whose deposit is guaranteed by the Surety Bond. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the Board $556,000 in immediately available funds not later than 12:00 noon (Eastern Standard Time) on the next business date succeeding the date of award of the Bonds. In the event that the Board has not received such federal funds wire by the time stated, the Board may draw upon the Surety Bond to satisfy the successful bidder's deposit requirement.

Unless it rejects all proposals for the Bonds (which right is hereby retained), the Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Bonds at the lowest cost, and the right to purchase the Bonds will be awarded to such successful bidder. Such cost under each proposal will be determined by computing the total amount of interest payable on the Bonds, at the rates stated in such proposal, from February 1, 2002, until their respective maturities and deducting therefrom the sum (if any) by which the amount bid for the bonds in such proposal exceeds the principal amount of the Bonds. If there be more than one such proposal making such offer at the same lowest cost, the Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest cost.

The Bonds will be delivered upon payment of the balance of the purchase price, including accrued interest, in Federal Funds payable to the order of "The Board of Education of the County of Berkeley, West Virginia". The Bonds will be delivered on or about February 12, 2002, at such place in the City of New York, New York and on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes and is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Berkeley County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the

Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Mr. Manuel P. Arvon, II, Superintendent, Berkeley County Board of Education, 401 S. Queen St., Martinsburg, West Virginia 25401 (phone: 304/267-3500) or from Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: /s/ Manuel P. Arvon, II
Secretary, The Board of Education of the County of Berkeley

DATE: January 16, 2002

OFFICIAL FORM OF PROPOSAL

DATE : January 30, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $_____ plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000		2010	$1,840,000	
2004	1,390,000		2011	1,925,000	
2005	1,455,000		2012	2,015,000	
2006	1,525,000		2013	2,110,000	
2007	1,600,000		2014	2,210,000	
2008	1,675,000		2015	2,315,000	
2009	1,755,000		2016	2,425,000	
			2017	2,545,000	

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale.

_____ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: _____

By: _____ Telephone: _____

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$_____
Less Premium	- $_____
Net Interest Cost	$_____
Rate of Net Interest Cost	_____ %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Berkeley, West Virginia, to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds herein described by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Board from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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 the affairs of the Board since the date hereof.

TABLE OF CONTENTS

INTRODUCTION 1
THE BONDS 1
General 1
Optional Redemption 2
Book-Entry Only System 2
Purpose 3
Authority 3
Nature of Obligation, Security and Source of Payments 4
Debt Administration 4
Bond Insurance 4
BERKELEY COUNTY SCHOOL DISTRICT 5
General 5
Facilities 6
Historical School Enrollment 7
Projected Enrollment 7
Tax Collection Procedures 7
Tax Levies and Collections 8
Assessment Procedure. 8
Property Classification 8
Assessed Valuations 9
Assessed Valuation by Property Class 9
Assessed Valuation by Property Category 10
Largest Assessed Valuations 10
Tax Rate Comparisons 10
County Tax Rates 10
School Tax Rates 11
Rates of Levy 11
Summary of Statistical Debt Information 12
Debt Service Requirements 12
Overlapping Debt 13
CERTAIN FINANCIAL INFORMATION 13
Description of Funds 13
Investment of Certain Funds 13
Accounting Practices 14
Annual Audit 14
Budgetary Procedures 14
Internal Control 14
Berkeley County School District's Statement of Revenues and Expenditures – Budget 15
Berkeley County School District's Statement of Revenues and Expenditures – Actual 16
Teachers Retirement Systems 17
Insurance Coverage 17
COUNTY OF BERKELEY 18
Introduction 18
Population 18
Economy 18
Community Data 20
TAX EXEMPTION 21
LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM 22
LITIGATION 23
CONTINUING DISCLOSURE 23
SALE AT COMPETITIVE BIDDING 24
LEGAL MATTERS 24
RATINGS 24
UNDERWRITING 24
FINANCIAL ADVISOR 24
CONCLUDING STATEMENT 24
APPENDIX A
Audit Report of Berkeley County Board of Education for the Fiscal Year Ended June 30, 2001
APPENDIX B
Proposed Form of Legal Opinion
APPENDIX C
Proposed Projects
APPENDIX D
Elected Officials of the Board
Appointed Officials of the Board
APPENDIX E
Continuing Disclosure Certificate
APPENDIX F
Specimen Bond Insurance Policy

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OFFICIAL STATEMENT
Relating To
$27,800,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF BERKELEY (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2002

INTRODUCTION

This Official Statement provides certain information in connection with the sale of $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley (West Virginia) Public School Bonds, Series 2002 (the "Bonds"). A brief description of the Board of Education of the County of Berkeley, West Virginia (the "Board"), the Berkeley County School District (the "School District") and the County of Berkeley, West Virginia (the "County" or "Berkeley County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

THE BONDS

General

The Bonds are dated February 1, 2002, are issued as fully registered bonds in $5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount	Interest Rate	Yield
2003	$1,015,000	3.00%	1.99%
2004	1,390,000	3.00	2.45
2005	1,455,000	3.00	2.95
2006	1,525,000	3.75	3.27
2007	1,600,000	4.00	3.61
2008	1,675,000	4.00	3.81
2009	1,755,000	4.125	4.00
2010	1,840,000	4.125	4.14
2011	1,925,000	4.30	4.24
2012	2,015,000	4.35	4.35
2013	2,110,000	4.375	4.53
2014	2,210,000	4.50	4.65
2015	2,315,000	5.00	4.77
2016	2,425,000	5.00	4.87
2017	2,545,000	5.00	4.96

Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Act"), both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The West Virginia State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its Paying Agent (the "Paying Agent") for payment of the Bonds and United National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from February 1, 2002 and will be payable November 1, 2002 and semi-annually thereafter (each May and November) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The 2002 Series A Bonds maturing on and after May 1, 2013, are subject to redemption, on or after May 1, 2012, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2012 to April 30, 2013	101%
May 1, 2013 and thereafter	100%

In the event of such optional redemption, the Issuer may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as The Depository Trust Company ("DTC"), New York, New York, will act as securities depository ("Securities Depository") for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC.

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under 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, as amended. DTC was created to hold securities on behalf of its participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchasers of 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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of theirs holdings, from the Direct or Indirect Participants 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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.

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the paying agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Neither the Board nor the Paying Agent will have any responsibility or obligation to such Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the payment by DTC to any DTC Participant, or by any DTC Participant owner, in respect of the principal and interest on the Bonds. The Board and the Paying Agent cannot give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payment of the principal of and interest on the Bonds paid to DTC or its nominee as the Registered Owner of the Bonds to the Beneficial Owners, or that they will do so on a timely basis or that they will serve and act in the manner described in this Official Statement.

DTC may charge the Participant a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Bonds, and the Direct Participants or Indirect Participants may seek reimbursement therefor from the Beneficial Owners.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository.) In that event, Bond certificates will be printed and delivered.

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

Purpose

To provide funds for making certain improvements in the School District defined in "Proposed Projects" in Appendix C.

Authority

The issuance of the Bonds and the levy of taxes sufficient to pay the interest on and principal of such Bonds were authorized and approved at the special election in the School District held on September 29, 2001, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 15 ½ years from the date of issuance of the Bonds and an interest rate not exceeding 7.25% per annum. The canvass of said special election showed 3,514 "Yes" votes and 2,041 "No" votes, a 63.26% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X,

Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

Nature of Obligation, Security and Source of Payments

The Bonds will constitute valid and legally binding general obligations of the Board, and, unless paid from other sources, the principal of and interest on the Bonds will be payable from ad valorem taxes levied upon all taxable property within the School District, without limitation as to rate or amount. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law.

Debt Administration

The West Virginia Municipal Bond Commission (the "Commission"), successor to the State Sinking Fund Commission, is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, as Treasurer of the County, and the Sheriff forwards the proceeds thereof to the Commission. The Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2001 Budget Bill is indicative:

> Sec. 14. Sinking Fund deficiencies. - There is hereby appropriated to the governor a sufficient amount to meet any deficiencies that may arise in the mortgage finance bond insurance fund of the West Virginia housing development fund which is under the supervision and control of the state municipal bond commission as provided by Chapter 31, Article 18, Section 20-b, of the code of West Virginia, or in the funds of the state municipal bond commission because of the failure of any state agency for either general obligation or revenue bonds or any local taxing district for general obligation bonds to remit funds necessary for the payment of interest and sinking fund requirements. The Governor is authorized to transfer from time to time such amounts to the state municipal bond commission as may be necessary for these purposes.

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the Board of Education of the County of Berkeley. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its

owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond 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.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal or accreted value (if applicable) of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuer is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 2001, the total capital and surplus of Financial Guaranty was approximately $1.033 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

BERKELEY COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the

County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2002, the terms of 3 members will expire. The process will be repeated every two years thereafter.

Board Members' duties are established by State statute with the West Virginia Board of Education having regulatory powers. The Board appoints a superintendent who acts as the chief executive officer and secretary of the Board and who administers affairs of the School District in accordance with applicable laws, regulations, and local policies. The Board is a public corporation and as such may sue, plead and be impleaded, and enter into contracts. The School District is fiscally independent of the County and all other political subdivisions.

During the fiscal year 2001-2002, the Berkeley County school system has an administrative staff of 18 with the overall responsibility to coordinate and supervise the activities of 46 school administrators, 1,000 instructional staff (teachers and other professionals), and 663 service personnel. Total Full Time Equivalent positions are 1,736. The estimated pupil-teacher ratio for the 2000-2001 school year is 13:1 (combined elementary, middle and secondary schools). The total adjusted student enrollment is 18,401; actual student enrollment (head count) is 13,150 students K-12.

Facilities

School	Grades	Type of Construction	Date of Construction	Renovations (r) or Additions (a)
Back Creek Valley Elementary	K-3	Masonry/Frame	1955	1975/1981 1984/1989
Bedington Elem.	K-2	Masonry	1929	1975/1982/1985/1989
Berkeley Heights Elementary	K-5	Masonry	1971	1975/1984 1985
Bunker Hill Elem.	K-3	Masonry	1962	1975
Burke St. Elem.	K-3	Masonry	1874	1951
Eagle School Inter.	4-5	Masonry	2001	
Gerrardstown Elem.	K-3	Masonry	1971	1975/1985/1989
Hedgesville Elem.	K-2	Masonry	1949	1976
Inwood Primary	K-3	Masonry	1924	1956
Marlowe Elem.	K-2	Masonry	1922	1975/1989
Mill Creek Inter.	4-5	Masonry	1987	1989
Opequon Elem.	K-3	Masonry	1971	1975
Potomack Inter.	3-5	Masonry	1998	
Rosemont Elem.	K-5	Masonry	1960	1975
Tuscarora Elem.	K-3	Masonry	1976	1983
Valley View Elem.	K-3	Masonry	1970	1975
Winchester Ave. Elementary	K-5	Masonry	1921	1999
Tomahawk Elem.	K-5	Masonry	1990	
Hedgesville Middle	6-8	Masonry	1926	1969/1989/1995
Musselman Middle	6-8	Masonry	1999	
North Middle	6-8	Masonry	1962	1982
South Middle	6-8	Masonry/Metal	1955	1985
Hedgesville High	9-12	Masonry	1977	1981/1983/1989/1995
Martinsburg High	9-12	Masonry	1927	1976/1991/1993
Musselman High	9-12	Masonry	1998	
Pikeside Pre-Voc. Learning Center	Ungraded	Masonry	1925	1975

Historical School Enrollment *

Grades	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
K	891	911	894	969	982	955	970	981	969	969
1	907	967	976	964	1,022	1,036	1,013	1,040	1,040	1,046
2	843	886	914	940	926	988	986	974	1,020	1,014
3	863	859	896	919	955	937	1,028	1,001	992	1,039
4	843	910	885	895	921	970	955	1,027	1,018	1,029
5	795	881	903	896	917	919	994	985	1,029	1,064
6	866	860	930	951	953	992	978	1,028	1,052	1,072
7	841	898	872	944	945	1,003	1,002	992	1,066	1,055
8	792	841	872	877	968	951	988	1,000	992	1,081
9	887	828	892	900	891	1,043	1,083	1,200	1,243	1,210
10	856	890	823	896	929	891	956	952	978	991
11	639	673	780	732	801	816	849	799	805	836
12	651	609	642	706	680	739	737	754	702	740
Spec. Ed.	283	76	15	31	9	8	0	0	0	0
Ungraded	13	63	90	3	0	0	0	0	0	0
Total	10,970	11,152	11,384	11,523	11,899	12,248	12,539	12,733	12,906	13,150

Projected Enrollment

2002-2003	13,467
2003-2004	13,704
2004-2005	13,964
2005-2006	14,218
2006-2007	14,422

Annualized Rate of Increase in Enrollment

1993	10,970
2002	13,150

[(13,150 – 10,970)/10,970]/10*100=+1.987%

*Enrollments are October of each year
Source: Berkeley County Schools

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Berkeley County Sheriff (the "Sheriff") and are remitted by him to the State and other local levying bodies. Public utility taxes are collected directly by the State Auditor (the "Auditor") and are remitted by him to the Sheriff for distribution. Tax statements are mailed by the Sheriff's office in July, and they may be paid in two installments. The first half of the tax is subject to a 2 1/2% discount if paid by September 1; thereafter, the amount payable is net until October 1, after which a 9% penalty is added. Likewise, the second half is subject to a 2 1/2% discount if paid by March 1, net to April 1, and 9% penalty thereafter. The Sheriff, after ascertaining which taxes are delinquent, shall on or before May 1 next succeeding the year for which taxes are assessed, prepare delinquent lists, which shall be posted at the front door of the courthouse and published as a legal advertisement at least two weeks prior to the presentation to the County Commission for examination. After examination and correction, the Commissioners shall certify such lists pertaining to real property to the Auditor not later than July 1. On or before September 10, the Sheriff shall prepare a second list of delinquent taxes, as of September 1, together with a notice of sale for properties upon which such taxes are due. If not redeemed before, such properties shall be sold at public auction at the courthouse on any Monday after October 14, and before November 23. No such sale shall be made for any sum less than the total amount of taxes, interest and charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase. The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units

in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections

Year (General Current)	Projected Gross Tax at 100%	Projected Net Tax Collections at 92% Less Assessors Fee	Actual Collections	Actual % Collected
1995-96	$18,422,434	$17,001,189	$19,100,397	112.35%
1996-97	19,440,565	17,894,457	19,055,474	106.49
1997-98	20,374,458	18,754,077	20,385,251	108.70
1998-99	21,745,097	20,015,709	21,846,039	109.14
1999-00	22,900,594	21,094,587	22,743,820	107.82
2000-01	24,377,705	22,455,208	24,164,486	107.61

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2001 assessment year valuations are made as of July 1, 2000, with taxes levied and collected during the fiscal year July 1, 2001, through June 30, 2002.

The State Tax Commissioner has the responsibility for preparing tentative valuations of all public utility property in the State and providing these valuations to the Board of Public Works of the State for actual assessment of such property. The Board of Public Works reviews all assessments made, makes such corrections as it deems proper, conducts hearings to entertain protests from the public utilities involved, and fixes the assessments in final form. After such assessments are made, they are allocated by the State Auditor to the various counties in which the utility property is located, such allocation being approved by the Board of Public Works.

Property Classification

Article X, Section 1, of the Constitution of West Virginia and Chapter 11, Article 8, Section 5 of the Code of West Virginia of 1931, as amended, created four classifications of property for which the tax rates, but not the assessed values, are limited. These tax classifications are as follows: Class I - all tangible personal property employed exclusively in agriculture, all products of agriculture while owned by the producer, all notes, bonds, bills, accounts receivable, stocks and any other intangible personal property, not including bank deposits and money; Class II - owner-occupied residential property and certain farm lands; Article 10, Section 1b of the Constitution of the State of West Virginia and Chapter 11, Article 6B, Section 3 of the West Virginia Code of 1931, as amended, provides that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified

owners residing therein; Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Berkeley County School District includes all of Berkeley County and has the same assessed valuation of property therein as does the entire county. Between 1973 and the current fiscal year, the average assessment for each of the four classes of property in a county had to be at least approximately 50% of the State appraised values. The State Tax Commissioner has authority to "appraise" property to determine its "true and actual value". Thus, in practice, most properties by class were assessed at least at approximately 50% of their appraised values.

In Killen vs. Logan County Commission, the Supreme Court of Appeals of West Virginia held that insofar as West Virginia Code 18-9A-11 provides that the total assessed valuation in each of the four classes of real property (see "Property Classification") shall not be less than 50% nor more than 100% of the State Tax Commissioner's appraised valuation of each of said classes of property, it violates the constitutional guarantee of equal and uniform taxation, as provided under Article X, Section 1, thereof. The Court found that property was not being adequately assessed in any county in the State for property tax purposes and placed the blame on the historic passivity of the State Tax Commissioner in the administration, supervision, and enforcement of the property tax. The Court identified a number of shortcomings in property tax administration and directed the State Tax Commissioner to prepare a plan to correct those deficiencies.

The West Virginia Legislature addressed the Court's concern with the Property Tax Limitation and Homestead Exemption Amendment of 1982, which was passed by voters in the general election held November 2, 1982. As a result, Article X, Section 1b of the Constitution of the State of West Virginia has been amended such that the four classes of real property will be assessed at 60%, rather than 100%, of the State Tax Commissioner's appraised valuation. The Amendment also provided that a statewide reappraisal be completed, certified and published on or before March 31, 1985. The reappraisal would result in an increase or decrease in the existing appraised value of property subject to ad valorem taxation in each county which would, in turn, result in an increase or decrease in the assessed value of such property and the taxes levied based upon such assessment. Moreover, any resulting increase in value would be allocated over a period of 10 years in equal amounts annually. The reappraisal has been completed but the results of the reappraisal have not been released for use by the counties. The State Tax Division is now completing computerized studies and statistical analyses in an effort to correct system errors in the reappraisal.

Chapter 11, Article 1C of the West Virginia Code, as amended by Acts of the 1990 Legislature, regular and third special session, requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the effective date of the legislation and with updated appraisals every three years thereafter. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994. The Board does not believe the legislation will have any impact on the Board's ability to levy taxes to pay the principal of or interest on the Bonds.

Assessed Valuation By Property Class

Class	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
I	$ 62,940,550	$ 101,892,270	$ 137,616,229	$ 184,461,029	$ 106,547,096
II*	$ 822,288,657	$ 876,055,223	$ 924,560,090	$ 972,290,450	$1,026,770,878
III	$ 531,670,619	$ 559,922,740	$ 580,882,877	$ 622,839,938	$ 645,779,372
IV	$ 226,562,600	$ 241,414,674	$ 254,482,475	$ 262,867,451	$ 260,451,326
Totals	$1,643,462,426	$1,779,284,907	$1,897,541,671	$2,042,458,868	$2,039,548,672

Assessed Valuation By Property Category

Category	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Real	$1,211,479,753	$1,275,472,861	$1,341,230,372	$1,415,108,044	$1,480,860,139
Personal	$ 348,394,173	417,728,346	459,218,211	532,048,651	460,674,890
Public Utility	$ 83,588,500	86,083,700	97,093,088	95,302,173	98,013,643
Totals:	$1,643,462,426	$1,779,284,907	$1,897,541,671	$2,042,458,868	$2,039,548,672

* Excludes real property from ad valorem property taxation pursuant to the Homestead and Taxation Amendment. The amount of Class II real property so excluded amounted to:

$84,142,004 in 1997-98
$87,092,325 in 1998-99
$87,941,131 in 1999-00
$ 91,308,475 in 2000-01
$ 92,555,986 in 2001-02

Largest Assessed Valuations

2001 Current Assessed Valuation

Property Owner	Class I	Class III & IV
Verizon Directory Services	$28,587,868	
Verizon Directory Services	26,454,467	
General Motors Inc.		$17,686,090
Crown American Financing		16,751,460
World Kitchen Inc.		14,844,695
Verizon Directory Services	12,134,626	
Verizon Directory Services	8,687,745	
General Motors Corporation		8,572,522
Guardian Fiberglass Inc.		8,360,400
Orgill Inc.		8,066,400
Quebecor World Fairfield Inc.	668,899	7,381,537

Source: Berkeley County Assessor

Tax Rate Comparisons

The following shows Berkeley County property tax rates in cents per $100 assessed valuation (this includes all state, county and school rates), in comparison with a few select surrounding counties, for tax year 2001; Fiscal year 2001-2002.

Rates of Levy

County	Class I	Class II	Class III/IV
BERKELEY	61.39	122.78	245.56
Jefferson	60.94	121.88	243.76
Morgan	56.83	113.66	227.32

(This includes the total levy for State, County and schools in each County listed above)
Source: State of West Virginia, Department of Tax and Revenue

County Tax Rates

Except as hereinafter stated, the maximum tax rates allowed by the Constitution of West Virginia for the four classifications of property are as follows: Class I - $.50 per $100 assessed valuation; Class II - $1.00 per $100 assessed valuation; Class III - $1.50 per $100 assessed valuation; Class IV - $2.00 per $100 assessed valuation.

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies

may not continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates

Taxes for school purposes are uniform throughout the County. In accordance with Chapter 11, Article 8, Section 6c of the Code of West Virginia of 1931, as amended, the tax limit for school current expenses and school permanent improvement purposes combined is $.2295 per $100 assessed valuation in respect to Class I, $.4590 per $100 in respect to Class II, and $.9180 per $100 in respect to Classes III and IV. By favorable vote of at least a simple majority of the voters in an election, the above limitations may be increased by up to 100% for a period of five years, after which an election must again be held. Further, a county board of education is required to levy outside the rates provided by Chapter 11, Article 8, Section 6c, sufficient to pay the principal and interest requirements on bonds issued by the school district not exceeding five percent of the assessed value of all taxable property in the school district, in the manner provided by the Better Schools Amendment.

Berkeley County, West Virginia
Tax Rates - By Property Class
Cents Per $100

School Current Levy

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	20.48	20.48	20.48	20.48	20.48
Class II	40.96	40.96	40.96	40.96	40.96
Class III/IV	81.92	81.92	81.92	81.92	81.92

School Excess Levy

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	22.50	22.50	22.50	22.50	22.50
Class II	45.00	45.00	45.00	45.00	45.00
Class III/IV	90.00	90.00	90.00	90.00	90.00

School Bonds

	1997-98	1998-99	1999-00	2000-2001	2001-2002
Class I	6.50	6.14	5.89	5.20	5.14
Class II	13.00	12.28	11.78	10.40	10.28
Class III/IV	26.00	24.56	23.56	20.80	20.56

Source: State of West Virginia, Department of Tax and Revenue

The maximum tax rates described above are divided among the several levying bodies by statute. Under Chapter 11, Article 8 of the Code of West Virginia of 1931, as amended, the maximum levy rates available to the County without approval by the voters is as follows: Class I - 14.3 cents per $100 assessed valuation; Class II - 28.6 cents per $100 assessed valuation; Class III - 57.2 cents per $100 assessed valuation; and Class IV - 57.2 cents per $100 assessed valuation.

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Berkeley County Board of Education, but not including those relating to the proposed bond issue, in cents per $100 assessed valuation for the 2001-2002 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	13.02	26.04	52.08
School Current	20.48	40.96	81.92
School Excess	22.50	45.00	90.00
School Bonds	5.14	10.28	20.56

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2001-2002 fiscal year.

Municipality	Class I	Class II	Class IV
Hedgesville	4.56	9.12	18.24
Martinsburg	14.95	29.90	59.80

Source: State of West Virginia, Department of Tax and Revenue

As heretofore stated, under Article X, Sections 8 and 10 of the Constitution of the State of West Virginia and the Act, the Board may issue bonds for certain purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the School District as of the date of bond authorization. Under such constitutional and statutory standard the computation of debt limit of the School District and its debt contracting margin are as follows:

Summary of Statistical Debt Information

Population (2000)	75,905
Assessed Valuation *	$2,039,548,672
Debt Limit (5% of Assessed Valuation)	$ 101,977,433
Outstanding Debt (including the Series 2002 Bonds)	$ 41,490,000
Debt Contracting Margin	$ 60,487,433
Per Capita Debt	$ 546.60
Outstanding Debt As Percentage Of Assessed Valuation..	2.03%

* Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2002).

Debt Service Requirements

Prior to the issuance of the Bonds, the Board has outstanding principal of $2,535,000 on the $8,205,000 Public School Refunding Bonds, Series 1995, and outstanding principal of $11,155,000 on the $15,950,000 Public School Bonds, Series 1995.

Upon issuance of the Bonds, based on the interest rates and yields set forth on the cover page, the Board will have the following debt:

Schedule of Bonded Indebtedness

Year Ending June 30	*Series 1995* Refunding Issue	*Series 1995* New Money Issue	*Series 2002* Principal	*Series 2002* Interest	*Series 2002* Total
2003	$1,388,640	$1,532,926.25	$1,015,000	$1,473,401.57	$2,488,401.57
2004		1,533,701.25	1,390,000	1,148,271.26	2,538,271.26
2005		1,536,026.25	1,455,000	1,106,571.26	2,561,571.26
2006		1,549,431.25	1,525,000	1,062,921.26	2,587,921.26
2007		1,563,181.25	1,600,000	1,005,733.76	2,605,733.76
2008		1,573,181.25	1,675,000	941,733.76	2,616,733.76
2009		1,589,431.25	1,755,000	874,733.76	2,629,733.76
2010		1,608,731.25	1,840,000	802,340.00	2,642,340.00
2011			1,925,000	726,440.00	2,651,440.00
2012			2,015,000	643,665.00	2,658,665.00
2013			2,110,000	556,012.50	2,666,012.50
2014			2,210,000	463,700.00	2,673,700.00
2015			2,315,000	364,250.00	2,679,250.00
2016			2,425,000	248,500.00	2,673,500.00
2017			2,545,000	127,250.00	2,672,250.00
TOTAL	$1,388,640	$12,486,610	$27,800,000	$11,545,524.13	$39,345,524.13

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

The accounts of the Board are organized on the basis of funds, each of which constitutes a separate entity for accounting procedures. For reporting purposes the various funds are organized into the following major groups:

1. Debt Service Fund

The Debt Service Fund is a separate and distinct fund used only as an "Interest and Sinking Fund" to meet the demands of maturing bonds and bond interest payments.

Taxes levied on real and personal property (other than public utility property), to be used to make Debt Service Fund payments, are collected by the Sheriff, while taxes levied on public utility property to be used to make Debt Service Fund payments are collected by the State Auditor and remitted to the Sheriff. Collections are transferred periodically to the West Virginia Municipal Bond Commission (the "Commission"). The Commission, in turn, disburses funds to meet the payment of bonds and bond interest payments as well as paying agency fees. From time to time, the Commission invests amounts in the Debt Service Fund that are in excess of payment schedules and credits the interest income to the Debt Service Fund. (See "Investment of Certain Funds").

2. Bond Construction Fund

The Bond Construction Fund is a separate and distinct fund consisting of proceeds from the sale of bonds authorized by an election, from State School Building funds and from special funds that are categorically identified and authorized to supplement local bond proceeds or State School Building funds. Expenditures are generally restricted to capital outlay purposes by the bond election call, by special funding agreements or by the State Board of Education in approving specific building projects.

3. Capital Projects Fund

The Capital Projects Fund accounts for financial resources used to acquire or construct specific major capital facilities other than by the sale of bonds or the reservation of monies in a permanent improvement fund. A separate fund may be established for each specific capital project.

4. General Current Expense Fund

The General Current Expense Fund is a separate and distinct fund and is used for all general operating purposes except for revenues and expenditures that are contained in the Debt Service Fund and the Bond Construction Fund. Revenues generally come from: (1) general and special levy taxes, (2) other local or miscellaneous revenues, (3) State aid to counties for restricted and unrestricted purposes, and (4) Federal aid received directly or through the State, usually categorical or restricted.

Investment of Certain Funds

Proceeds of tax collections relating to the Bonds which are transferred to the Commission will be invested in the Consolidated Fund managed by the West Virginia Investment Management Board (the "IMB"). The IMB is governed by a Board of Trustees consisting of the Governor, the State Auditor, the State Treasurer and ten members appointed by the Governor. The Commission currently invests its funds in The Consolidated Fund's Government Money Market Pool. Investments are limited to U.S. Government obligations, select U.S. Government Agency-guaranteed obligations or repurchase agreements with average maturities not to exceed 90 days.

Accounting Practices

The accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in the State. This does not agree in certain respects with the accounts and fund structure recommended by Generally Accepted Accounting Principles (GAAP) and the American Institute of Certified Public Accountants.

Annual Audit

An annual audit of accounts is prepared by the State Tax Department. Revenue and expenditures for all funds are reported on a modified cash basis with accrual requirements by separate reports for funds receivable, encumbrances, earmarked funds and payroll deductions/withholding payable. Salaries and wages are reported against budget appropriations in terms of gross earnings whether or not payroll deductions have been paid within the current fiscal period.

Budgetary Procedures

Prior to the beginning of each fiscal year, the Board develops a fiscal plan consisting of contemplated expenditures. The annual budget development process is customarily developed along the following guidelines and in accordance with a budget calendar summarized as follows:

July	Overall goals are revised and established by the Board. Implementation and valuation of Board goals are established by the superintendent.
October	Student enrollment and personnel employee numbers are gathered system wide to determine State aid funding basis for subsequent fiscal year.
November-December	All staffing reviewed. Personnel reductions and additions are determined by local school councils, the public, the administration and the superintendent.
January-February	Preliminary forecasts of revenues and expenditures are determined by administration. Non-salary items reviewed. Public workshops are held.
March	Assessed valuations and preliminary State aid calculations received on or about March 3. The Board is required to ascertain the fiscal condition of the School District and determine the amount to be raised by the levy of taxes. Proposed levy rates must be submitted to the State Tax Commissioner and State Board of Education by March 28.
April	On the third Tuesday in April, the Board officially enters all levies for the coming year by ordering the levy of taxes commencing July 1. The proposed budget must be made available for public inspection for ten days and must be published in local newspapers for two weeks prior to the budget hearing.
No later than May 30	A public hearing shall be held concerning the operating budget not less than 10 days after such budget has been made available for public inspection. The Board is required to submit a budget to the State Board of Education and State Tax Commissioner no earlier than 10 days after receipt of the final State aid computations but not later than May 30.
August	Board advised of ending balances for previous fiscal year. Board and administration evaluate status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

Internal Control

The system of internal control includes budgetary control, periodic operating reports and statistical analyses. The system checks the accuracy and reliability of its accounting data, promotes operational efficiency and encourages prescribed managerial policies.

The system provides segregation of functional responsibilities and control over assets, liabilities, revenues and expenses. Responsibilities and delegations of authority are assigned by the superintendent and Board in accordance with State Board of Education policy and advice of the State Tax Commissioner.

Berkeley County School District's
Revenues and Expenditures - Budget
General Current Expense Fund
Year ended June 30

	1998-99 Budget	1999-2000 Budget	2000-2001 Budget
Revenues Collected:			
Property Taxes	$21,115,709	$21,976,683	$23,314,580
Other Local Sources	2,161,839	2,382,898	2,665,185
Intermediate Source	128,720	-0-	-0-
State Sources	45,200,402	48,982,048	51,166,202
Federal Sources	5,723,700	6,038,408	6,316,402
Miscellaneous	-0-	-0-	-0-
Total Revenues	74,330,370	$79,380,037	$83,462,369
Expenditures Paid:			
Regular Programs	$34,109,758	$37,666,772	$39,229,348
Special Programs	9,599,736	10,613,225	11,593,974
Vocational Programs	2,541,055	2,442,284	2,573,284
Other Regular Programs	381,804	497,898	516,244
Adult/Continuing Education Programs	246,298	269,967	270,807
Community Services Programs	348,898	374,086	392,177
Undistributed Support Services	28,832,079	30,863,224	29,770,298
Total Expenditures Paid	$76,059,628	$82,727,456	$84,346,132
Excess of Revenues Over Expenditures	$(1,729,258)	$(3,347,419)	$(883,763)
Other Financing Sources (Uses):			
Total Other Financing Sources *(Uses)*	$(5,260,000)	$(2,887,452)	$(1,077,527)
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	$(6,989,258)	$(6,234,871)	$($1,961,290)
Fund Balance, Beginning of year	$ 6,989,258	$ 6,234,871	$ 1,961,290
Adjustments	$ ---	$ ---	$ ---
Fund Balance, Beginning of year, Restated	$ 6,989,258	$ 6,234,871	$ 1,961,290
Fund Balance, End of year	$ ---	$ ---	$ ---

Source: Berkeley County Board of Education

Berkeley County School District's Statement of Revenues and Expenditures - Actual

Berkeley County School District's
Revenues and Expenditures - Actual
General Current Expense Fund
Year ended June 30

	1998-99 Actual	1999-2000 Actual	2000-2001 Actual
Revenues Collected			
Property Taxes	$21,846,040	$ 22,743,819	$24,164,486
Other Local Sources	2,461,494	2,467,606	3,036,857
Intermediate Sources	-0-	-0-	-0-
State Sources	44,322,636	48,681,417	51,287,159
Federal Sources	5,493,828	5,398,626	5,783,328
Miscellaneous	2,300	-0-	-0-
Total Revenues Collected	$74,126,298	$79,291,468	$84,271,830
Expenditures Paid			
Regular Programs	$33,437,188	$37,290,983	$39,144,576
Special Programs	9,514,778	10,557,092	11,570,059
Vocational Programs	2,468,980	2,405,268	2,504,855
Other Regular Programs	414,817	471,448	510,165
Adult/Continuing Education Programs	190,453	190,824	208,972
Community Service Programs	345,883	371,675	387,590
Undistributed Support Services	25,339,054	30,131,077	29,202,087
Total Expenditures Paid	$71,711,153	$81,418,367	$83,528,304
Excess of Revenues Over Expenditures	$ 2,415,145	$(2,126,899)	$ 743,526
Other Financing Sources (Uses):			
Total Other Financing Sources *(Uses)*	$(2,615,000)	$(2,360,559)	$ (196,797)
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	$(199,855)	$(4,487,458)	$ 546,729
Fund Balance, Beginning of year	$ 7,578,525	$ 6,799,585	$2,335,041
Adjustments	$ (579,085)	$ 22,914	$ ---
Fund Balance, Beginning of year, Restated	$ 6,999,440	$ 6,822,499	$2,335,041
Fund Balance, End of year	$ 6,799,585	$ 2,335,041	$2,881,770

Source: Berkeley County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of June 30, 2000, 24,360 retirees and beneficiaries were receiving benefits; as of July 1, 2000, there are 25, 278 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Effective July 1, 1994, employers covered by the School Aid Formula (the 55 county public school system) contribute 15% of a member's annual earnings; and other employers contribute 7.5%. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2000 by Buck Consultants, Inc. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 8.0% annually, net after expenses. As of July 1, 2000, the unfunded liability of TRS was $3.836 billion, based on recognized valuation assets at approximately $1 billion. The funded percentage was 21.4%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

The Teachers' Defined Contribution Retirement System (TDCRS) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDCRS.

As of June 30, 2000, there were approximately 18,000 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Members may choose from five separate investment options, which include government security mutual funds, common stock mutual funds, guaranteed insurance contract mutual funds and individually allocated annuities.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

1. Type		Amount in Force (FY 2002)
Fire, extended coverage/buildings & personal property		$201,000,000
Public official position bond:	Superintendent	$ 50,000
	Board President	$ 50,000
	Treasurer	$ 300,000
Blanket Bond		$
Fidelity Honesty Bond (all employees)		$ 2,000,000
Money & Securities (all employees)		$ 2,000,000
Deductible - $1000 per occurrence		

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2001 to July 1, 2002. The Board is insured for following coverages:

Comprehensive general liability insurance
Personal injury liability insurance
Professional liability insurance
Stop gap liability insurance
Wrongful act liability insurance
Comprehensive auto liability insurance
Auto physical damage insurance, including comprehensive and collision, and
Garagekeepers insurance.

2. Limits of Liability

EACH OCCURRENCE. $1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS. The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $500 for private passenger vehicles or $1,000 for other vehicle types including mobile equipment.

DEFENSE COSTS. Defense costs are in addition to the each occurrence limit of liability.

Source: Berkeley County Board of Education

COUNTY OF BERKELEY

Introduction

Berkeley County (the "County") is located in the Eastern Panhandle section of West Virginia. The City of Martinsburg is the county seat. The County is located 80 miles from Washington, DC; 90 miles from Baltimore, Maryland and 93 miles from Harrisburg, Pa.

The County is governed by, and generally acts through, The County Commission of Berkeley County. The present Commissioners of the County Commission, elected on a countywide basis, are Howard Strauss, President; Robert Burkhart and John Wright. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.

Population

The population of the County is indicated in the following table:

Year	Berkeley County	West Virginia	United States
1990	59,253	1,793,477	248,709,873
2000	75,905	1,808,344	281,421,906
Change 1990-2000	28.1%	0.8%	13.2%

Economy

The five (5) largest employers, the type of business and number of employees for such companies for the year 2000 in the County are:

Employer	Product/Service	No. of Employees
Berkeley County Schools	Education	1,400
VA Medical Center	Health (Hospital)	1,363
WV Air National Guard 167th Airlift Wing	Defense	1,200
General Motors Service Parts Operations	Warehousing/Distributing	1,083
IRS – Martinsburg Computing Center	Government	800

Source: Berkeley County Chamber of Commerce

Average Annual Unemployment Rates

Year	Berkeley County	West Virginia
1991	9.8 %	10.6%
1992	9.6	11.4
1993	8.2	10.9
1994	6.2	8.9
1995	5.9	7.9
1996	5.4	7.5
1997	4.6	6.9
1998	3.9	6.6
1999	3.7	6.6
2000	2.9	5.5
2001 (November)	3.5	4.3

Average Annual Employment by Industry

Industry	1997	1998	1999	2000
Agriculture	341	357	420	378
Construction	923	855	855	831
Manufacturing	3,403	3,696	3,896	4,085
Transportation, Public Utilities	898	896	979	922
Wholesale Trade	1,544	1,451	1,334	1,419
Retail Trade	5,204	5,196	5,193	5,091
Finance, Insurance, Real Estate	826	887	904	855
Services	5,063	5,369	5,616	5,863
Government	5,710	5,928	6,145	6,295

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1997	2000	1997	2000
Berkeley County	23,928	25,770	25,225	27,964
West Virginia	669,108	686,664	24,715	26,890

Per Capita Personal Income

County	1996	1999	Rank in State
United States	$24,651	$28,546	--
West Virginia	$18,116	$20,921	--
Berkeley County	$19,629	$23,040	9

***Wages Per Industry** (2000)*

Industry	Total Wages	Average Annual Wage	Average Weekly Wage
Agriculture	$ 6,074,462	$16,070	$309.03
Construction	19,326,253	23,256	447.23
Manufacturing	123,293,050	30,181	580.40
Transportation and Public Utilities	33,780,783	36,638	704.58
Trade - Wholesale	66,030,755	46,533	894.87
Trade - Retail	71,115,211	13,968	268.62
Finance, Insurance & Real Estate	23,767,181	27,797	534.56
Services	132,679,238	22,629	435.17
Government	243,918,541	38,747	745.13

Total Wages ($Millions)

Year	Berkeley County	West Virginia
1990	$359.9	$ 12,471.7
1991	403.2	12,836.2
1992	453.1	13,567.2
1993	487.5	13,981.5
1994	517.5	14,796.2
1995	545.6	15,367.7
1996	571.8	15,952.1
1997	603.6	16,537.5
1998	636.1	17,153.0
1999	680.6	17,708.8
2000	720.7	18,464.6

Community Data

Educational Facilities

Public Schools	
Elementary	19
Middle or Jr. High	4
High Schools	3
Vocational Schools	1
Other	1

Colleges

Shepherd College, Shepherdstown (Jefferson County)

Potomac State College, Keyser (Mineral County)

Recreational Facilities

Parks	13
Baseball-Softball Fields	21
Basketball Courts	
Indoor	8
Outdoor	6
Playgrounds	23
Swimming pools	2
Auditoriums	3
Stadiums	3
Theaters	4
Golf Courses	3

Medical

Hospitals	2
Doctors	94
Dentists	31

Transportation

Highways

Interstates	I-81
WV Routes	901,51,45,9
US Routes	11

Motor Freight

Carriers available

Parcel service available

Industrial Parks	5
Airports:	Eastern WV Regional Airport Authority
Railroads:	CSXT, Winchester & Western Amtrak, Mark Service
Bus Service:	Yes

Communications

Newspapers:	Martinsburg Journal
Telephone:	Verizon
Radio:	6 stations

Utilities

Electricity:	Allegheny Power
Natural Gas:	Shenandoah Gas Co.

Other Data

Child Care:	25
Banks:	21
Libraries:	4

Sources: State of West Virginia, Bureau of Employment Programs
Dept. of Labor and Research, Berkeley County Chamber of Commerce

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such action.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as an enumerated item of tax preference or other specific adjustment. However, a corporation is required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to its current earnings adjustment and the alternative tax net operating loss deduction). For such purposes "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Other consequences for federal income tax purposes of ownership of obligations such as the Bonds also result from the Code under certain circumstances, including, but not limited to, the following: (i) the deduction allowable to certain financial institutions prior to the enactment of the Tax Reform Act of 1986 for interest on deposits and other obligations allocable to investments in tax-exempt securities has been eliminated; (ii) the net capital gains deduction for individuals has been repealed with the result that an individual's long term capital gain will be taxed at the same rate as ordinary income; (iii) a corporation's net capital gain will be taxed at the same rates as corporate ordinary income; (iv) for property and casualty insurance companies, the amount of the deduction for losses incurred has been reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; and (v) for S corporations having subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

Under certain provisions of the Social Security Amendments of 1983 (Public Law 98-21) which are codified at Section 86 of the Code ("Section 86"), interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security benefits are includable in gross income for federal income tax purposes. Investors are referred to Section 86, for the complete text of Section 86, relating to the inclusion of a portion of social security benefits in gross income.

The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

The School District may be affected by litigation pending in the courts of the State of West Virginia with potential impact on local taxes for school purposes similar to the litigation which has continued in certain states, such as Serrano v. Priest in California, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes.

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

In May of 1995 a Motion to join the President of the State Senate and the Speaker of the State House of Delegates as defendants in Pauley was granted by the Circuit Court. The Circuit Court later reconsidered this Motion and the President of the State Senate and the Speaker of the House of Delegates are no longer defendants. Additionally, with the motion to join defendants, the plaintiffs moved the Circuit Court for an order enforcing the judgment previously entered including establishment of a timetable for implementation of the Master Plan for Public Education and a timetable for implementation of changes to the system of financing public education in West Virginia. A trial was scheduled for July 3, 2000. However, the parties have now reached a settlement with regard to a number of the issues. It was agreed that the issue of whether schools in West Virginia (with emphasis on high schools) are offering an appropriate range of electives and vocational programs will continue to be studied, and that an advisory committee would be formed to perform this study. It was also agreed that decisions related to school financing will continue to be based on standardized test scores insofar as low performing schools will be the first targeted for additional resources. However, identified trends in those test scores will now also play a greater role in the process of school review. Finally, the parties agreed to jettison the Master Plan for Public Education recognizing that the Performance Based Audit Process mandated by the West Virginia Legislature in 1998 provides a full and fair substitute for the Master Plan for Public Education. Nevertheless, it was agreed that the Office of Performance Audit, which is charged with overseeing the Performance Based Audit Process, will place a greater emphasis on reviewing facilities and materials than it has in the past, although the focus will be on whether deficiencies are having an impact on student performance. It appears that the settled issues are not likely to have a marked fiscal impact.

Still outstanding in the Pauley case are the following issues: (1) Whether the West Virginia School Building Authority is sufficiently funded; (2) whether the West Virginia School Funding Formula is sufficiently funded; and (3) how to appropriately curb the school systems' reliance on excess levies. All evidentiary hearings in the case were completed by late Fall 2000. Findings of fact and conclusions of law were submitted to the Court, which took the case under advisement, where it remains.

The key question for resolution is whether the Court has jurisdiction to order a remedy for any identified funding problems. That is, of course, because funding of schools is within the purview of the West Virginia Legislature rather than the judiciary. In formulating the above, Bond Counsel has relied on a Managing Deputy Attorney General who has been directly involved in the ongoing litigation.

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants in following a policy of approval of segregated outbuildings for special education students and expenditures therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

Plaintiffs requested relief in the form of various declaratory and injunctive measures to remedy the alleged improprieties, including submission of a plan to alleviate alleged constitutional and legal deficiencies in special education in the State. No monetary damages were stated in the complaint. On July 10, 1991 a Settlement Agreement was approved by the District Court. The Settlement Agreement, as approved by the District Court, provided inter alia that the State School Building Authority would, in the application process and before disbursement of monies to local boards of education, obtain sufficient information to assure that no projects approved or funded would permit segregated outbuildings, segregated schools or inappropriately located self-contained classrooms in regular buildings in which classrooms are not contiguous to or in proximity with classrooms of age-appropriate, non-handicapped children or that permits a county to continue the existence of such an outbuilding, school or classroom.

In the opinion of Bond Counsel, the final resolution of the Pauley, Boards of Education and Harris decisions by the courts of the State will not affect the validity or binding obligation, nature of the Bonds or modify the right of the holders thereof to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within the School District for the payment of the Bonds if not paid from other sources.

LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. The Secretary of the Board has reviewed the current status of all pending and threatened litigation with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not probable that Board liability in any such matters is likely to have a material adverse affect on the financial condition of the Board.

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board which materially adversely affects the financial condition of the Board.

CONTINUING DISCLOSURE

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository and, if established, the State Information Depository, on an annual basis on or before 180 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-

12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has no outstanding bond issues which are required to comply with the rule. The form of the Continuing Disclosure Certificate is attached hereto as Appendix E.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the Board at competitive bidding on January 30, 2002 in accordance with the Official Notice of Sale.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

RATINGS

Standard & Poor's Corporation ("S&P") has assigned the Bonds the rating of 'AAA', with the understanding that the standard municipal bond insurance policy of Financial Guaranty Insurance Company, guaranteeing the timely payment of principal of and interest on the Bonds, will be issued upon delivery of the Bonds. S&P has assigned an underlying rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

UNDERWRITING

ABN AMRO Financial Services, Inc. (the "Underwriter") has agreed to purchase the Bonds at an aggregate purchase price of $27,837,863.63 (including a premium of $1,847.15 and accrued interest of $36,016.48), pursuant to a proposal submitted on January 30, 2002 in connection with the Issuer's Official Notice of Sale for the Bonds, dated January 16, 2002. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The Underwriter will purchase all the Bonds if any are purchased. The Underwriter expects to make a bona fide public offering of the Bonds at the prices set forth on the cover page hereof. However, such public offering prices may be changed after the initial offering by the Underwriter.

FINANCIAL ADVISOR

Ferris, Baker Watts, Incorporated, Baltimore, Maryland, and Charleston, West Virginia, Financial Advisor to the Board, or its directors or employees, may hold, own or dispose of bonds, including the Bonds, issued by the Board. Ferris, Baker Watts, Incorporated, may wish to bid alone or as a member of a syndicate for the purchase of the Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley, Public School Bonds, Series 2002. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Berkeley by Ferris, Baker Watts, Incorporated in its capacity as Financial Advisor to the Board.

All statements, estimates, assumptions and summaries of documents in this Official Statement have been made on the basis of the best information available and are believed to be correct and reliable, but no representations whatsoever are made that such statements, estimates, assumptions and summaries of documents are correct or will be realized.

So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

THE BOARD OF EDUCATION
OF THE COUNTY OF BERKELEY

By: Dr. William F. Queen
President

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APPENDIX A

AUDIT REPORT OF

BERKELEY COUNTY BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 2001

BERKELEY COUNTY, WEST VIRGINIA
BOARD OF EDUCATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2001

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

Berkeley County, West Virginia
Board of Education

Schedule of Funds Included in Report

Year ended June 30, **2001**

GOVERNMENTAL FUND TYPES

General Current Expense

Debt Service

Capital Projects

FIDUCIARY FUND TYPE

Expendable Trusts

ACCOUNT GROUPS

General Fixed Assets

General Long-Term Debt

Berkeley County, West Virginia
Board of Education

Contents

Board officials 1

Independent Auditor's Report on Financial Statements, Supplementary Schedule of Expenditures of Federal Awards 2-3

Financial Statements

Combined statement of assets, liabilities and fund equity regulatory basis - all fund types and account groups 4

Combined statement of revenues collected, expenditures paid and changes in fund balances regulatory basis - all fund types 5-6

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - general current expense fund 7-8

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - debt service fund 9

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - capital projects 10-11

Statement of revenues, expenditures and changes in fund balance - budget and actual regulatory basis - expendable trust funds 12-13

Notes to the financial statements 14-35

Combining statement of assets, liabilites and fund equity - regulatory basis - expendable trust funds 36

Berkeley County, West Virginia
Board of Education

Contents

Combining statement of revenues collected, expenditures paid and changes in fund balances - regulatory basis - expendable trust funds 37

Combining statement of revenues collected, expenditures paid and changes in fund balances - budget and actual regulatory basis expendable - trust funds 38

Supplementary Information

Schedule of expenditures of federal awards 39-40

Notes to the schedule of expenditures of federal awards 41

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 42-43

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 44-45

Schedule of findings and questioned costs 46-49

Auditee's summary schedule of prior audit findings 50

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Berkeley County, West Virginia
Board of Education

Board Officials

Year ended June 30, **2001**

Elective

Board Members	Dr. William F. Queen	7/1/00 to 6/30/04
	William Norris	7/1/00 to 6/30/04
	Todd M. Beckwith	7/1/98 to 6/30/02
	Berniece Collis	7/1/98 to 6/30/02
	George William Sonnik, III	7/1/98 to 6/30/02

Appointive

Board President	Dr. William F. Queen	7/1/00 to 6/30/02
Superintendent	Manuel P. Arvon	7/1/97 to 6/30/01
Treasurer	James Welton, Jr.	7/1/00 to 6/30/01

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

We have audited the accompanying financial statements of the **Berkley County, West Virginia, Board of Education** as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of **Berkeley County, West Virginia, Board of Education's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, **Berkeley County, West Virginia, Board of Education's** policy is to prepare its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting prescribed or permitted by West Virginia Department of Education and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Berkeley County, West Virginia, Board of Education** as of June 30, 2001, and the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Berkeley County, West Virginia, Board of Education** as of June 30, 2001, and the results of its operations for the year then ended in conformity with the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is described in Note 1 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2001, on our consideration of **Berkeley County, West Virginia, Board of Education's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is prepared on the basis of accounting described above for the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia State Auditor, the West Virginia Department of Education and other state and Federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

Year ended June 30,

	Governmental Fund Types			
	Current expense	Debt service	Capital projects - bond construction	Capital projects
Assets				
Cash	$ 8,527,754	$ -	$ 1,706	$ -
Receivables				
Taxes	545,089	66,225	-	-
Intergovernmental SBA Grant	-	-	-	170,115
State sources	-	-	-	435,089
Due from other governments				
Public employees insurance allocation	1,031,102	-	-	-
State aid to schools	420,067	-	-	-
Reimbursements	541,224	-	-	-
Due from other funds	-	-	31,366	-
Deposit with workers' compensation	202,977	-	-	-
Restricted assets				
Deposits with Municipal Bond Commission for bond retirement	-	2,723,424	-	-
Fixed assets	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Amount to be provided for retirement of general long-term debt - QZAB	-	-	-	-
Total assets	$ 11,268,213	$ 2,789,649	$ 33,072	$ 605,204
Liabilities, Equity and Other Credits				
Liabilities				
Accounts payable	$ 293,443	$ -	$ -	$ 435,089
Accrued salaries and benefits	6,537,624	-	-	-
PEIA premiums payable	1,263,727	-	-	-
Workers' compensation payable	260,282	-	-	-
Due to other funds	31,367	-	-	170,115
Current portion of long-term debt	-	-	-	-
Current portion of long-term debt - QZAB	-	-	-	-
Long-term debt; net of current portion	-	-	-	-
Long-term debt; net of current portion - QZAB	-	-	-	-
Total liabilities	8,386,443	-	-	605,204
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Fund balances				
Reserved for encumbrances	337,510	-	-	2,100,965
Reserved for earmarked funds	402,532	-	-	-
Reserved for debt service		2,789,649	-	-
Reserved for capital projects	518,475	-	-	-
Reserved for workers' compensation	202,977	-	-	-
Reserved - designated	174,600	-	-	-
Unreserved - designated for other expenditures	-	-	-	-
Unreserved - undesignated	1,245,676	-	33,072	(2,100,965)
Total equity and other credits	2,881,770	2,789,649	33,072	-
Total liabilities, equity and other credits	$ 11,268,213	$ 2,789,649	$ 33,072	$ 605,204

Berkeley County, West Virginia
Board of Education
Combined Statement of Assets, Liabilities and Fund Equity Regulatory Basis - All Fund Types and Account Groups

2001

Fiduciary Fund Type	Account Groups		
Expendable trusts	General fixed assets	General long-term debt	Totals (Memorandum Only)
$ 1,393,856	$ -	$ -	$ 9,923,316
-	-	-	611,314
-	-	-	170,115
-	-	-	435,089
31,232	-	-	1,062,334
20,577	-	-	440,644
710,793	-	-	1,252,017
-	-	-	31,366
-	-	-	202,977
-	-	-	2,723,424
-	143,947,649	-	143,947,649
-	-	2,789,649	2,789,649
-	-	10,900,351	10,900,351
-	-	647,404	647,404
$ 2,156,458	$ 143,947,649	$ 14,337,404	$ 175,137,649
$ 126,033	$ -	$ -	$ 854,565
599,253	-	-	7,136,877
113,494	-	-	1,377,221
27,795	-	-	288,077
-	-	-	201,482
-	-	2,195,000	2,195,000
-	-	76,924	76,924
-	-	11,495,000	11,495,000
-	-	570,480	570,480
866,575	-	14,337,404	24,195,626
-	143,947,649	-	143,947,649
229,247	-	-	2,667,722
619,562	-	-	1,022,094
-	-	-	2,789,649
-	-	-	518,475
-	-	-	202,977
135,364	-	-	309,964
-	-	-	-
305,710	-	-	(516,507)
1,289,883	143,947,649	-	150,942,023
$ 2,156,458	$ 143,947,649	$ 14,337,404	$ 175,137,649

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Regulatory Basis - All Fund Types

Year ended June 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	
	General current expense	Debt service	Capital projects - bond construction	Capital projects	Expendable trusts	Totals (memorandum only)
Revenues						
Local sources						
Taxes	$ 24,164,486	$ 2,997,206	$ -	$ -	$ -	$ 27,161,692
Other local revenues	3,036,857	210,458	53	-	1,531,797	4,779,165
State sources	51,287,159	-	-	3,002,824	4,273,004	58,562,987
Federal sources	5,783,328	-	-	-	5,246,165	11,029,493
Miscellaneous sources	-	-	-	647,404	103,723	751,127
Total revenues collected	84,271,830	3,207,664	53	3,650,228	11,154,689	102,284,464
Expenditures						
General government	83,528,304	-	-	-	11,122,587	94,650,891
Capital projects	-	-	133,560	3,819,228	-	3,952,788
Debt service						
Principal	-	2,050,000	-	-	-	2,050,000
Interest	-	825,976	-	-	-	825,976
Total expenditures paid	$ 83,528,304	$ 2,875,976	$ 133,560	$ 3,819,228	$ 11,122,587	$ 101,479,655

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Regulatory Basis - All Fund Types

Year ended June 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	
	General current expense	Debt service	Capital projects - bond construction	Capital projects	Expendable trusts	Totals (memorandum only)
Excess (deficiency) of revenues over expenditures	$ 743,526	$ 331,688	$ (133,507)	$ (169,000)	$ 32,102	$ 804,809
Other financing sources (uses)						
Operating transfers in	1,154,011	-	31,945	169,000	24,635	1,379,591
Operating transfer (out)	(1,350,808)	(4,011)	-	-	(24,635)	(1,379,454)
Total other financing sources (uses)	(196,797)	(4,011)	31,945	169,000	-	137
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	546,729	327,677	(101,562)	-	32,102	804,946
Fund balances - beginning of year	2,335,041	2,461,972	134,634	-	1,257,781	6,189,428
Fund balances - end of year	$ 2,881,770	$ 2,789,649	$ 33,072	$ -	$ 1,289,883	$ 6,994,374

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- General Current Expense Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local Sources			
Property taxes	$ 23,314,580	$ 24,164,486	$ 849,906
Other local revenues	2,665,185	3,036,857	371,672
Total local sources	25,979,765	27,201,343	1,221,578
State sources	51,166,202	51,287,159	120,957
Federal sources	6,316,402	5,783,328	(533,074)
Total revenues	$ 83,462,369	$ 84,271,830	$ 809,461

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- General Current Expense Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Expenditures			
Instructional services			
Regular programs	$ 39,229,348	$ 39,144,576	$ 84,772
Special programs	11,593,974	11,570,059	23,915
Vocational programs	2,573,284	2,504,855	68,429
Adult/continuing education programs	270,807	208,972	61,835
Community service programs	392,177	387,590	4,587
Other regular programs	516,244	510,165	6,079
Undistributed support services	29,770,298	29,202,087	568,211
Total expenditures paid	84,346,132	83,528,304	817,828
Excess of revenues over expenditures	(883,763)	743,526	1,627,289
Other financing sources (uses)			
Operating transfers in	1,602,420	1,154,011	(448,409)
Operating transfers (out)	(2,679,947)	(1,350,808)	(1,329,139)
Total other financing sources (uses)	(1,077,527)	(196,797)	(1,777,548)
Excess of revenues and other financing sources over expenditures and other uses	(1,961,290)	546,729	2,508,019
Fund balance - beginning of year	1,961,290	2,335,041	373,751
Fund balance - end of year	$ -	$ 2,881,770	$ 2,881,770

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis - Debt Service Fund

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Taxes	$ 2,871,276	$ 2,997,206	$ 125,930
Other local revenues	-	210,458	210,458
Total revenues	2,871,276	3,207,664	336,388
Expenditures			
Debt service			
Principal	3,450,000	2,050,000	1,400,000
Interest	1,840,281	825,976	1,014,305
Total debt service expenditures	5,290,281	2,875,976	2,414,305
Excess (deficiency) of revenues over expenditures	(2,419,005)	331,688	2,750,693
Other financing (uses)			
Transfer (out)	-	(4,011)	(4,011)
Total other financing (uses)	-	(4,011)	(4,011)
Excess (deficiency) of revenues over expenditures and other financing (uses)	(2,419,005)	327,677	2,746,682
Fund balance - beginning of year	2,419,005	2,461,972	42,967
Fund balance - end of year	$ -	$ 2,789,649	$ 2,789,649

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis - Capital Projects

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources	$ 2,165	$ 53	$ (2,112)
Total revenues	2,165	53	(2,112)
Expenditures			
Capital projects	166,637	133,560	33,077
Total capital projects expenditures	166,637	133,560	33,077
Excess (deficiency) of revenues over expenditures	(164,472)	(133,507)	30,965
Other financing sources (uses)			
Transfers in	164,472	31,945	(132,527)
Total other financing sources	164,472	31,945	(132,527)
Excess (deficiency) of revenues over expenditures and other financing sources	-	(101,562)	(101,562)
Fund balance - beginning of year	-	134,634	(134,634)
Fund balance - end of year	$ -	$ 33,072	$ (236,196)

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis
Capital Projects

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
State sources	$ 8,939,686	$ 3,172,939	$ (5,766,747)
Miscellaneous sources	1,000,000	647,404	(352,596)
Total revenues	9,939,686	3,820,343	(6,119,343)
Expenditures			
Capital projects	10,853,138	3,384,139	7,468,999
Total capital projects expenditures	10,853,138	3,384,139	7,468,999
Excess (deficiency) of revenues over expenditures	(913,452)	436,204	1,349,656
Other financing sources (uses)			
Transfers in	913,452	169,000	(744,452)
Total other financing sources	913,452	169,000	(744,452)
Excess (deficiency) of revenues over expenditures and other financing sources	-	605,204	605,204
Fund balance - beginning of year	-	-	-
Fund balance - end of year	$ -	$ 605,204	$ 605,204

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Regulatory Basis- Expendable Trust Funds

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Other local revenue	$ 1,902,797	$ 1,428,857	$ (473,940)
Total local sources	1,902,797	1,428,857	(473,940)
State sources	4,276,367	4,221,820	(54,547)
Total state sources	4,276,367	4,221,820	(54,547)
Federal sources	5,800,056	5,157,070	(642,986)
Total federal sources	5,800,056	5,157,070	(642,986)
Total revenues	$ 11,979,220	$ 10,807,747	$ (1,171,473)

The accompanying notes are an integral part of these financial statements.

Berekley County, West Virginia
Board of Education
Statement of Revenues, Expenditures Paid and Changes in Fund Balance - Budget and Actual Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Budget	Actual	Variance favorable (unfavorable)
Expenditures			
Instruction services			
Regular programs	$ 357,220	$ 258,255	$ 98,965
Special programs	1,763,916	1,687,656	76,260
Vocational programs	2,297,619	2,112,036	185,583
Adult/continuing education programs	2,420,525	1,942,720	477,805
Undistributed support services	5,922,525	4,720,068	1,202,457
Total instruction services	12,761,805	10,720,735	2,041,070
Total expenditures	12,761,805	10,720,735	2,041,070
Excess (deficiency) of revenues over expenditures	(782,585)	87,012	(695,573)
Other financing sources (uses)			
Operating transfers in	21,402	24,635	3,233
Operating transfers (out)	(21,402)	(24,635)	(3,233)
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	(782,585)	87,012	(695,573)
Fund balance - beginning of year	782,585	913,916	1,696,501
Fund balance - end of year	$ -	$ 1,000,928	$ 1,000,928

The accompanying notes are an integral part of these financial statements.

1. Summary of significant accounting policies

Berkeley County, West Virginia, Board of Education (Board) is a corporation created under the authority of West Virginia Code Section 18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interest in the county. The Board controls the 26 instructional facilities and the additional support facilities, which serve approximately 12,000 students and other community members in Berkeley County, West Virginia.

The accompanying financial statements have been prepared in conformity with the basis of accounting prescribed by the West Virginia Department of Education which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by generally accepted accounting principles:

Oversight responsibilities
- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Scope of public service

Special financing relationships

Based upon the application of these criteria, there were no additional component units of government included as a part of the reporting entity.

In accordance with the basis of accounting prescribed or permitted by West Virginia State Board of Education, the individual schools throughout the County have been excluded as a part of the reporting entity, although application of the criteria discussed above indicates that they should be included. All schools submit annual financial statements for each fund maintained to the superintendent of schools. Their financial statements are examined annually at the direction of the Board.

B. Fund Accounting

The financial activities of the Board are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenue and expenditures. The funds are classified into generic fund types under the following categories.

Governmental Fund Types:

General current expense fund: The General Current Expense Fund is the general operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Debt service fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital projects fund: The Capital Projects Fund is used to account for financial resources used for the acquisition, construction, renovation, remodeling or equipping of major capital facilities.

Account Groups:

General fixed asset account group: This account group is established to account for all fixed assets of the Board.

General long-term debt account group: This account group is used to account for all long-term debt of the Board.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The James Rumsey Vocational Center and the Regional Education Service Agency (RESAVIII) is accounted for as expendable trust funds in order to account for assets held by the Board in a trustee capacity. An expendable trust is accounted for in essentially the same manner as a government fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with generally accepted accounting principles (GAAP), all governmental funds and expendable trust funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be included in the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed or permitted by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The significant differences are as follows:

Revenues are generally maintained on a modified accrual basis and are recognized in the income statement when earned with the following exception:

- Property taxes collected by the sheriff during the month of June but not received by the Board until July are reflected as taxes receivable and included in current year's revenue.

Expenditures are recognized in the income statements when incurred.

Receivables include ad valorem property taxes on hand with the sheriff as of year end that have not been distributed to the Board, interest earned on investments, state aid to schools, public employees insurance allocation and certain reimbursements receivables. These items have been accrued and are reported as revenues in the Board's income statements.

Payables include itemized claims for payments of goods or services received before year-end for which payment has not been issued or released to the vendor.

Encumbrances are recorded at the time purchase orders are issued or contracts awarded and include accounts payable and accrued expenses, as well as normal GAAP encumbrances such as unperformed contracts or obligations for goods and services.

Earmarked funds include the excess of monies received for specifically funded projects or programs over expenditures paid and encumbrances incurred for those projects or programs. Earmarked funds are recognized in the accompanying financial statements as a reserve of fund balances without a corresponding entry to an applicable revenue account.

D. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The Board is required to hold a meeting or meetings between the seventh and twenty-eighth day of March to ascertain the financial condition of the Board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then submitted for approval to the Department of Tax and Revenue after which the Board reconvenes on the third Tuesday of April to formally lay the levy.

2. The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of School Finance. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2001 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool; however, the underlying assets are not separately identifiable as to specific types of securities but consist of United State Treasury securities and repurchase agreements.

All investments of the Board at June 30, 2001, are summarized as follows:

	Carrying amount	Fair value
West Virginia Municipal Bond Commission pooled investments	$2,723,424	$2,723,424
Repurchase agreements	8,022,410	10,546,200
Total investments	**$10,745,834**	**$13,269,624**

G. Inventories

The Board considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the Board's financial statements.

H. Prepaid Items

Except for deposits on workers' compensation premiums, payments made to vendors for services that will benefit periods beyond June 30, 2001 are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. As permitted by the West Virginia Department of Education, fixed assets are valued at appraisal value for insurance purposes or other approximate value. Fixed assets are reported at historical cost, net of depreciation, for the financial statements.

J. Long-Term Obligations

The current portion of long-term debt is recognized as a liability of the debt service fund and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Capital lease obligations and bond issuances are reported entirely in the general long-term debt account group.

K. Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The unreserved, designated fund balance represents that portion of Board funds committed by official Board action prior to June 30, 2001, for specific capital projects or other specific purposes such as textbooks. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2001. The unreserved, undesignated fund balance represents funds available for reappropriation.

L. Accounting Estimates

The preparation of financial statements, in conformity with the accounting principles prescribed by the West Virginia Department of Education, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures.

M. "Memorandum Only"– Total Columns on Combined Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

2. Change in accounting policy

As required by the basis of accounting prescribed by the West Virginia Department of Education, the Board changed its method of accounting for donated foods. For the year ended June 30, 2001, the Board began recording the revenues and expenditures for goods received during the fiscal year.

In addition, the Board began recording a receivable for food service billings that are outstanding at June 30, net of estimated uncollectibles.

3. Risk management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in several risk management programs administered by the State of West Virginia.

Board of Risk and Insurance Management (BRIM): The Board has joined with other governmental entities to participate in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The participants shall pay the cost of all coverage as determined by BRIM. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

Public Employee's Insurance Agency (PEIA): The Board provides employee health and basic life insurance benefits through Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a general employee benefit insurance program that includes hospital, surgical, major medical, prescription drug and basic life and accidental death. The PEIA Finance Board establishes fund underwriting and rate setting policies. The participants pay the cost of all coverage as determined by the Finance Board. Coverage under these programs is limited to $1 million lifetime for health and $10,000 of life insurance coverage. Insureds may purchase up to an additional $ 50,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features and purchases insurance coverage for the life features of the plan, has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers' Compensation Fund (WCF): West Virginia is one of six states operating an exclusive state-managed Workers' Compensation Insurance Fund which means that private insurance companies cannot offer coverage to employers. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage, as determined by the WCF Compensation Programs Performance Council, is paid by the employers. The WCF risk pool retains all risk related to the compensation of injured employees under the program.

4. Property taxes

All property in the State is classified as follows for ad valorem purposes:

Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.

Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III All real and personal property situated outside of municipalities, exclusive of Class I and II property.

Class IV All real and personal property situated inside of municipalities, exclusive of Class I and II property.

Note: A five-year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property tax is to be taxed at 50% of assessed valuation for tax year 1998; 40% for tax year 1999; 30% for tax year 2000; 20% for tax year 2001 and 10% for tax year 2002.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	**22.95**	¢	per $100 of assessed valuation
Class II	**45.90**	¢	per $100 of assessed valuation
Class III	**91.80**	¢	per $100 of assessed valuation
Class IV	**91.80**	¢	per $100 of assessed valuation

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessor's Valuations Fund are also to be excluded from the calculation. The rates of levy for the 2001 year were: 20.48¢ for class I property, 40.96¢ for class II property, 81.92¢ for class III and IV property.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the board per $100 assessed valuation for each class of property for the fiscal year ended June 30, 2001, were:

Class of purposes	Assessed valuations for tax purposes	Levy rates	Excess levy	Bond service
Class I	$ 184,461,029	20.48 ¢	22.50 ¢	5.20 ¢
Class II	$ 972,290,450	40.96 ¢	45.00 ¢	10.40 ¢
Class III	$ 622,839,938	81.92 ¢	90.00 ¢	20.80 ¢
Class IV	$ 262,867,451	81.92 ¢	90.00 ¢	20.80 ¢

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may restrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

5. Special excess levy

The Board had an excess levy in effect during the fiscal year ended June 30, 2001. The levy was authorized by the voters of the county at an election held on May 12, 1998 for the fiscal years ended June 30, 2000 through June 30, 2003 to provide funds for the following purposes:

1. To continue the present local salary supplements and benefits of all school personnel (excluding the Superintendent) at an approximate total annual cost of the salary supplements, related fixed costs, and benefits of $6,400,000. Such funding will allow Berkeley County to employ and retain highly qualified personnel who have contributed to the county's instructional progress.

2. To continue to provide instructional materials, textbooks and instructional equipment at an approximate total annual cost of $1,650,000.

3. To continue to provide financial support of the following community organizations and agencies; Berkeley County Health Department at $15,000; Berkeley County Parks & Recreation at $50,000; West Virginia University 4-H Extension Office at $25,000; Eastern Panhandle Training Center at $15,000; and the PASS (Providing Academic and Self-Esteem Support) Program at $25,000 for an approximate total annual cost of all programs at $130,000.

4. To continue to address increased enrollment in Berkeley County by providing additional staff where necessary and by providing additional equipment and property at an approximate annual cost of $1,256,700.

5. To continue to provide for the upkeep and maintenance of existing facilities by providing the necessary supplies, services, or equipment at an approximate annual cost of $1,150,000.

A total of $12,650,091, was received by the Board from the excess levy during the fiscal year ended June 30, 2001.

6. Fixed assets

At June 30, 2001 the general fixed asset account group consisted of the following:

Land	**$ 2,905,000**
Buildings and Improvements	**125,860,649**
Furniture and equipment	**11,302,000**
Vehicles	**3,880,000**
Total	**$ 143,947,649**

7. Long-term debt

The Board has issued general obligation bonds for the purpose of financing part of the cost of site acquisition where applicable, improvement, construction, erection, renovation, furnishings, equipping and improving and adding to existing school buildings in the Berkeley County School District.

The following is a summary of bonds outstanding at June 30, 2001:

Issue date	Maturity date	Interest rates	Amount outstanding 6/30/00	Issued during year	Principal payments/ defeasements	Amount outstanding 6/30/01
03/01/95	2003	4.8%-5.61%	$ 3,665,000	$ -	$ 1,130,000	$ 2,535,000
06/01/95	2010	125%-6.125%	12,075,000	-	920,000	11,155,000
			$ 15,740,000	$ -	$ 2,050,000	$ 13,690,000

Bonds outstanding at June 30, 2001 are as follows:

On March 1, 1995, the Board issued $8,205,000 in General Obligation Bonds with an average interest rate of 5.36% to advance refund $7,650,000 of outstanding 1988 Series bonds with an average interest of 7.21%. The net proceeds of $8,118,848 (after payment of $886,512 in underwriting fees, insurance, and other issuance costs) plus an additional $1,043,520 of 1988 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in trust with an escrow agent to provide for all future debt service payments on the 1988 Series bonds. As a result, the 1988 series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 2001, the remaining principal outstanding on the 1988 Series Bonds is $2,475,000.

A unique feature about the TDCP is that each member chooses the investment options and may make changes at the beginning of each calendar quarter. The member may choose from among seven investment options in multiples of 5%. The investment options are Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, VALIC individually Allocated Fixed Annuity, Vanguard Money Markets Reserves Prime, Washington Mutual Investors and Federated Max-Cap.

Employees are eligible to participate from the date of employment. Employer contributions vest with the member as follows: one-third after 6 years, two-thirds after 9 years and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2000, this plan has approximately $292,712,000 in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the TDCP is the responsibility of Milliman and Robertson, an independent third-party administrator.

Funding status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, invested employer contributions are, by statute, to be transferred to the employer accumulation account of the TDBS.

Contribution requirements and payments made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants are required to contribute 4.5% of their gross salary, and the board of education contributes 7.5% of its employee salary to the retirement plan, for a total of 12% annually.

Total payments to the TDCP for the year ended June 30, 2001, remitted and/or expensed through the accounting records of the Board are as follows:

	2001
Employees' contributions (4.5%)	$ 1,200,583
Employer's contributions (7.5%)	1,999,834
Total contributions	$ 3,200,417

Teachers' Defined Benefit Retirement System

Plan description: This retirement system was established on July 1, 1941, and was closed for new members on July 1, 1991. As of June 30, 2000, the system has approximately 25,278 active members and approximately 24,360 members receiving benefits. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service, or any age with at least 35 years of credited service. A member may retire with reduced benefits before age 55 after attaining 30 years of credited service. Terminated members with at least five, but less than 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Terminated members with 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. A member may also receive a disability benefit after completing 10 years of service, if the member is disabled for 6 months, unable to perform his/her regular occupation and the Retirement Board expects the disability to be permanent. The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes information for the Plan. That report may be obtained by writing to the West Virginia Consolidated Public Retirement Board; Capital Complex; Building 5, Room 1000; 1900 Kanawha Boulevard.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least 5 years of credited service, the membership may be frozen until the member qualifies for retirement, or contributions may be withdrawn from the plan. The employer contributions remain with the plan. Retirement benefits are based on 2% of the average of the member's 5 highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and 10 year Certain and Life Annuity. Pre-retirement death benefits are paid to the spouse of the deceased member providing the member had attained the age of 50 years and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with 100% Joint and Survivor pension. If the member's age and service are less than that required, the accumulated sum of the member's and employer contributions, with interest, is paid to the member's beneficiary or estate.

Funding status: At June 30, 2000, the plan's unfunded liability was $3.84 billion according to the 2000 Actuarial Valuation Report.

Contribution requirements and payments made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross salary and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually.

Employer contributions are derived from state appropriations and Board payments. Federally funded grant programs provide the funding for the employer contribution for salaries paid from Federal grants.

The required contributions of the entire Plan for the year ended June 30, 2001, are as follows:

Year ended June 30,	**2001**
Required contributions	**$ 229,926,000**
As a % of current year covered payroll	**17.91%**

Of the total amount appropriated by the State, the portion equal to the employer required contribution rate (15.0%) is considered to be the employer contribution for the current cash flow requirements and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Total payments to the defined benefit plan for the year ended June 30, 2001, remitted and/or expensed through the accounting records of this Board are as follows:

	2001
Employees' contributions (6%)	$ 1,711,821
Employer's contributions (15%)	4,279,533
Total contributions	$ 5,991,354

9. Pending litigation

The Board is involved in a number of legal proceedings and claims, involving students, citizens, and employees who have sued the Board for both compensatory and punitive damages. While it is not possible to determine the ultimate outcome of any lawsuits with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board.

10. Unreserved fund balance-designated

The board has designated a portion of the unreserved fund balance of the General Current Expense Fund at June 30, 2001, to be expended for the following purposes:

Paving	$	95,900
Roofing		45,100
Portable classrooms		33,600
Total Unreserved Fund Balance - Designated	$	174,600

11. Committments, contingencies and subsequent events

In FY'99, the Board received a grant from the West Virginia School Building Authority (SBA) of $3,686,000, to construct an intermediate school in the north central portion of the county. In June 2000, a supplement appropriation of $676,000 was granted by the SBA for this project. In December 2000, the Board was awarded $1,000,000 in a Qualified Zone Academy Bond (QZAB) for this project. At June 30, 2001, there are $2,008,393 in outstanding contracts and purchase orders to complete this project. There is $352,596 remaining to be received from the QZAB and $1,517,442 remaining to be received from the SBA for this project ($170,115 of the SBA funds are listed as a receivable in the Capital Projects Fund).

In FY'00, the Board received a grant from the SBA for $4,888,000 to construct an intermediate school in the west central portion of the county. In June 2001, a supplemental appropriation of $305,526 was granted by the SBA for this project. At June 30, 2001, there are $59,500 in outstanding contracts and purchase orders for this project. At June 30, 2001, $5,019,887 of SBA funds remain to be received. It is anticipated that $518,475 of general current expense funds will be needed to complete these projects. These funds are reserved at June 30, 2001.

In March 2001, the SBA granted a Major Improvement Project (MIP) grant of $325,500 to replace HVAC units at Tuscarora Elementary School. This grant should cover the entire cost of the project.

The Capital Projects Fund has a negative fund balance of $1,665,876 that is due to outstanding contracts and purchase orders for the two intermediate school projects. The funds to be received from the SBA, the QZAB, and the reserved general fund more that offset this amount. The combination of funds will complete both projects.

On September 29, 2001, the Berkeley County Board of Education passed a bond issue in the amount of $27,800,000, with maturities on the bonds to run not more that 15.5 years, with interest not exceeding the rate of 7.25% per annum, payable semi-annually, for the purpose of making improvements to Berkeley County Schools.

Berkeley County, West Virginia
Board of Education
Combining Statement of Assets, Liabilities and Fund Equity - Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Expendable Trust Funds		
	James Rumsey Vocational Center	RESA VIII	Total
Assets			
Cash	$ 338,824	$ 766,079	$ 1,104,903
Due from other governments			
State aid to schools	14,182	6,395	20,577
PEIA allocations	31,232	-	31,232
Reimbursements	180,172	530,621	710,793
Total assets	$ 564,410	$ 1,303,095	$ 1,867,505
Liabilities, equity and other credits			
Accounts payable	$ 34,936	$ 91,097	$ 126,033
PEIA premiums payable	49,226	67,034	116,260
Workers' compensation payable	10,298	14,731	25,029
Salaries and related withholdings payable	266,902	332,351	599,253
Total liabilities	361,362	505,213	866,575
Equity and other credits			
Fund balances			
Reserved for encumbrances	47,006	165,920	212,926
Reserved for earmarked funds	172,930	446,632	619,562
Unreserved - designated for other expen	-	135,364	135,364
Unreserved - undesignated	(16,888)	49,966	33,078
Total equity and other credits	203,048	797,882	1,000,930
Total liabilities, equity and other credits	$ 564,410	$ 1,303,095	$ 1,867,505

The accompanying notes are an intergral part of these financial statements.

Berkeley County, West Virginia
Board of Education
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - Expendable Trust Funds

Year ended June 30, **2001**

	Expendable Trust Funds		
	James Rumsey Vocational Center	RESA VIII	Total
Revenues			
Local sources			
Other local revenues	$ 939,171	$ 489,686	$ 1,428,857
State sources	2,856,823	1,364,997	4,221,820
Federal sources	141,924	5,015,146	5,157,070
Total revenues	3,937,918	6,869,829	10,807,747
Expenditures			
General government	4,056,800	6,663,935	10,720,735
Total expenditures	4,056,800	6,663,935	10,720,735
Excess (deficiency) of revenues over expenditures	(118,882)	205,894	87,012
Other financing sources (uses)			
Operating transfers in	-	24,635	24,635
Operating transfers our	-	(24,635)	(24,635)
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(118,882)	205,894	87,012
Fund balances - beginning of year	321,930	591,988	913,918
Fund balances - end of year	$ 203,048	$ 797,882	$ 1,000,930

The accompanying notes are an integral part of these financial statements.

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Year ended June 30,

	James Rumsey Vocational Center (Fund 13)		
	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Local sources			
Other local revenues	$ 1,308,590	$ 939,171	$ (369,419)
Total local sources	1,308,590	939,171	(369,419)
State sources	2,955,907	2,856,823	(99,084)
Federal sources	147,091	141,924	(5,167)
Total revenues	4,411,588	3,937,918	(473,670)
Expenditures			
Instruction services			
Regular programs	110,526	109,595	931
Special programs	-	-	-
Vocational programs	1,792,444	1,730,354	62,090
Adult/continuing education programs	1,427,023	1,280,659	146,364
Community service programs	-	-	-
Undistributed support service	1,257,766	936,192	321,574
Total expenditures	4,587,759	4,056,800	530,959
Excess (deficiency) of revenues over expenditures	(176,171)	(118,882)	57,289
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers our	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(176,171)	(118,882)	57,289
Funds balance - beginning of year	176,171	321,930	145,759
Fund balances - end of year	$ -	$ 203,048	$ 203,048

Berkeley County, West Virginia
Board of Education
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual Regulatory Basis - Expendable Trust Funds

2001

RESA VIII			Total		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
$ 594,207	$ 489,686	$ (104,521)	$ 1,902,797	$ 1,428,857	$ (473,940)
594,207	489,686	(104,521)	1,902,797	1,428,857	(473,940)
1,320,460	1,364,997	44,537	4,276,367	4,221,820	(54,547)
5,652,965	5,015,146	(637,819)	5,800,056	5,157,070	(642,986)
7,567,632	6,869,829	(697,803)	11,979,220	10,807,747	(1,171,473)
246,694	148,660	98,034	357,220	258,255	98,965
1,763,916	1,687,656	76,260	1,763,916	1,687,656	76,260
-	-	-	1,792,444	1,730,354	62,090
505,175	381,682	123,493	1,932,198	1,662,341	269,857
993,502	662,061	331,441	993,502	662,061	331,441
4,664,759	3,783,876	880,883	5,922,525	4,720,068	1,202,457
8,174,046	6,663,935	1,510,111	12,761,805	10,720,735	2,041,070
(606,414)	205,894	812,308	(782,585)	87,012	(695,573)
-	24,635	24,635	-	24,635	24,635
-	(24,635)	(24,635)	-	(24,635)	(24,635)
-	-	-	-	-	-
(606,414)	205,894	812,308	(782,585)	87,012	(695,573)
606,414	591,988	(14,426)	782,585	913,918	1,696,503
$ -	$ 797,882	$ 797,882	$ -	$ 1,000,930	$ 1,000,930

The accompanying notes are an integral part of these financial statements.

Berkeley County, West Virginia
Board of Education

Schedule of Expenditures of Federal Awards

Year ended June 30, **2001**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
U.S. Department of Education		
Passed-through West Virginia Department of Education		
Title I	84.010	$ 1,903,921
IDEA Part B preschool	84.173	68,240
Vocational education - basic grants to states	84.048	109,102
Adult basic education	84.002	71,182
IDEA Part B	84.027	1,092,477
Title IV - innovative education program strategies	84.298	63,560
Safe and drug free schools	84.186	95,525
Homeless children and youth	84.196	5,911
Title II - Dwight Eisenhower Professional Development Fund	84.281	53,910
Class size reduction	84.340	352,440
Total U.S. Department of Education		3,816,268
U.S. Department of Agriculture (nutrition cluster)		
Passed-through West Virginia Department of education		
Nutrition cluster		
School breakfast program	10.555	5,020,839
		$ 5,020,839

See accompanying notes to schedule of expenditures of Federal awards.

Berkeley County, West Virginia
Board of Education

Schedule of Expenditures of Federal Awards

Year ended June 30, **2001**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
Passed-through West Virginia Department of Health and Human Resources		
Donated foods program (non-cash assistance)	10.550	$ 183,781
Total U.S. Department of Agriculture		5,204,620
U.S. Department of labor		
Passed-through West Virginia Department of Education		
School-to-work implementation	17.249	23,186
Total expenditures of federal awards		$ 9,044,074

See accompanying notes to schedule of expenditures of Federal awards.

Berkeley County, West Virginia
Board of Education
Notes to the Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2001

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the Federal grant activity of **Berkeley County, West Virginia, Board of Education** and is presented on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The basis of accounting is described in detail in Note 1 to the accompanying financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

2. Non-cash assistance

The **Berkeley County, West Virginia, Board of Education's** non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of $183,781 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2001.

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

We have audited the financial statements of **Berkeley County, West Virginia, Board of Education** (the Board) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Our report on the financial statements stated that such financial statements did not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Berkeley County, West Virginia, Board of Education** (the Board) as of June 30, 2001, and results of its operations for the year then ended. However, the report further stated that such financial statements presented fairly the financial position and results of the operations of **Berkeley County, West Virginia, Board of Education** (the Board) as of and for the year ended June 30, 2001, in conformity with the other comprehensive basis of accounting prescribed or permitted by the West Virginia Department of Education which was described in Note 1 to such financial statements.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control of financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia Department of Tax and Revenue, the West Virginia Department of Education and other state and Federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

ALBRIGHT CRUMBACKER MOUL & ITELL
Business Consultants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Members of the Board
Berkeley County, West Virginia, Board of Education
Martinsburg, West Virginia

Compliance

We have audited the compliance of **Berkeley County, West Virginia, Board of Education** (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The Board's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliace with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider material weaknesses.

This report is intended solely for the information and use of the officials and management of the Board, the West Virginia Department of Tax and Revenue, the West Virginia Department of Education and other state and federal agencies and is not intended and should not be used by anyone other than these specified parties.

Albright Crumbacker Moul & Itell, P.A.

Martinsburg, West Virginia
October 31, 2001

Berkeley County, West Virginia
Board of Education
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2001

I. Summary of independent auditor's results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes _X_No
- Reportable condition(s) identified that are not considered to be material weaknesses? _X_Yes ___None Reported

Noncompliance material to financial statements noted? ____Yes _X_No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes _X_No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____Yes _X_None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____Yes _X_No

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APPENDIX B

February 12, 2002

$27,800,000
The Board of Education of the County of Berkeley (West Virginia)
Public School Bonds, Series 2002

The Board of Education of the County of Berkeley
Martinsburg, West Virginia

ABN AMRO Financial Services, Inc.
Chicago, Illinois

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $27,800,000 Public School Bonds, Series 2002 (the "Bonds"), of Berkeley County School District, by and through The Board of Education of the County of Berkeley, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated February 1, 2002, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2002, and are subject to redemption prior to maturity at the times and prices as set forth in the Official Statement of the Issuer, dated February 1, 2002.

The Bonds were authorized at an election held in Berkeley County School District on September 29, 2001, and by a resolution and order adopted by the Issuer on October 16, 2001, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation and repair of certain public school buildings, together with the sites thereof and all necessary appurtenances, in Berkeley County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications made in connection with the issuance of the Bonds, we are of the opinion that, under existing law:

1. The Issuer is a school district presently existing under the laws of, and a political subdivision of, the State of West Virginia, with full power and authority to adopt the Resolution and to issue and sell the Bonds under the provisions of the Act and other applicable provisions of law.

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Berkeley County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds.

4. Under the Act, the Bonds are exempt from all taxation by the State of West Virginia or by any political subdivision thereof.

In expressing this opinion, we have considered the litigation instituted in certain states including the State of West Virginia, such as Pauley v. Bailey, 324 S.E.2d 128 (W.Va. 1984), challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes, including certain proceedings commenced in 1994 to enforce the Bailey decision, and in our opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Berkeley County, West Virginia, for the payment of the Bonds, if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in this opinion.

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX C

PROPOSED PROJECTS

The Board proposes to utilize the proceeds of the Bonds in the following manner:

Project	Location	Estimated Cost	
		Bond Proceeds	SBA Grant
NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
NEW BACK CREEK VALLEY/ GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000
EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/ dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances	Existing Back Creek Elementary School	$ 800,000	$ -0-
EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior	Existing Hedgesville Elementary School	$3,300,000	$ -0-

wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.			
EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-
EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets.	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
TOTALS		$27,800,000	$15,450,000

Approximate total cost to be paid from bond proceeds	$27,800,000
Approximate total cost to be paid from SBA grants	$15,450,000
Approximate total cost of all projects	$43,250,000

The above amounts include costs of site acquisition and improvement, demolition, as needed, construction, erection, furnishings and equipping of such Project, architectural engineering fees and costs, interest on the Bonds during construction of the Project and for six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying our and completing the Project.

APPENDIX D

ELECTED OFFICIALS OF THE BOARD

Dr. William F. Queen

- President of Berkeley County Board of Education
- Serves in Norborne District
- Employer/Position
  - -Self employed dentist for 24 years
  - -Associate Professor – WVU School of Dentistry – 24 years
- Community Involvement
  - -Board Member – Berkeley County Board of Education – 6 years
  - -Treasurer – Martinsburg Little League Association – 12 years
  - -Committee Appointments currently serving WVU School of Dentistry
    1. Curriculum Committee
    2. Visiting Committee
    3. Faculty Search Committee
    4. Building Greatness Campaign Committee

Mrs. Berniece D. Collis

- Vice President of Berkeley County Board of Education
- Serves in Potomac District
- Employer/Position
  - -Minghini General Contractors, Inc./Vice President and Owner
- Community Involvement
  - -Past President Chamber of Commerce
  - -Board of Directors of Girl Scouts
  - -Board of Directors of Boarman Arts Center
  - -Board of Directors of Associated Builders & Contractors
  - -Rotarian
  - -Vice President – Martinsburg High School Soccer Boosters Association
  - -Treasurer of Epic Panthers Soccer Team
  - -Treasurer of Money Unlimited Investment Club

Mr. Todd M. Beckwith

- Member of Berkeley County Board of Education
- Serves in Norborne District
- Employer/Position
  - -City National Bank /Senior Vice President
- Community Involvement
  - -Serves on the Finance Committee of Trinity United Methodist Church
  - -Serves on Tri-County Pastoral Committee
  - -Member of Lions Club

Mr. William "Bill" Norris

- Member of Berkeley County Board of Education
- Serves in Shenandoah District
- Employer/Position
  - -Talk Radio WRNR – Sales Representative
  - -Owner of Mr. J Extravaganza – Marketing and Promotions Company
- Community Involvement
  - -Member of Destiny Baptist Church
  - -Member of The Diversity Committee
  - -Serves with the P.A.S.S. Program

Mr. George William Sonnik, III

- Member of Berkeley County Board of Education
- Serves in Tuscarora District
- Employer/Position
  - -Verizon Communications – Health Care Benefits Coordinator – 33 years
- Community Involvement
  - -United Way
  - -Red Cross Blood Donor Program
  - -Past member of the parish council at St. Joseph Roman Catholic Church
  - -Member of the local Chamber of Commerce

APPOINTED OFFICIALS OF THE BOARD

Superintendent of Berkeley County Schools

Mr. Manny P. Arvon, II

- Superintendent since 1997
- Graduated from Shepherd College, B.S. Education in 1973
- Graduated 1979 from West Virginia University, Masters in Education Administration

Deputy Superintendent of Berkeley County Schools

Mr. Frank Aliveto

- Assistant/Deputy Superintendent of Instruction since 1996
- Graduated from Shepherd College, B.A. Education in 1971
- Graduated 1985 from West Virginia University, Masters in Education Administration

Assistant Superintendent of Berkeley County Schools

Mr. David R. Deuell

- Assistant Superintendent of Human Resources since April 2001
- Graduated from West Virginia University, B.A. Education in 1973
- Graduated 1981 from West Virginia University, Masters in Education Administration

Assistant Superintendent of Berkeley County Schools

Mr. Jim Welton

- Assistant Superintendent of Finance since 1992
- Graduated from West Virginia University in 1971, B.S. Business Administration
- Graduated from Frostburg State University in 1978, Masters in Management

Directors of Berkeley County Schools

Mr. Ray Bennett	Director of Vocational and Adult Education
Mrs. Mary Jo Brown	Director of Public Relations
Dr. Ron Brown	Director of Special Education
Mr. Larry Carte	Director of Department of Transportation
Dr. Taylor Perry	Director of Pupil Services
Mrs. Christine Edwards	Director of Federal Programs and Grants
Dr. Nancy Kilmon	Director of Research and Technology
Mrs. Donna Miller	Director of Department of Instruction
Mr. Don Mitchell	Director of Facilities
Mrs. Laura Lilly Sutton	Director of Legal Services
Mrs. Kathy Yost	Director of Food Services

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APPENDIX E

$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CONTINUING DISCLOSURE CERTIFICATE

The Board of Education of the County of Berkeley, West Virginia (the "Issuer") hereby certifies in connection with the $27,800,000 aggregate principal amount of The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002 (the "Bonds"), as follows:

1. The Issuer hereby agrees to a continuing disclosure obligation for the benefit of the holders of the Bonds to provide certain financial and operating information (the "Annual Information") within two hundred seventy (270) days following the end of the fiscal year of the Issuer and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events specified below to each National Repository, to the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository. The names and addresses of each current National Repository and any State Depository are shown on Exhibit A attached hereto and made a part hereof.

2. The Annual Information will consist generally of the audited financial statements of the Issuer. Any such information may be supplied by specific reference to information previously supplied to each National Repository and any State Depository or the Securities and Exchange Commission ("SEC"). Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

3. This continuing disclosure obligation is being undertaken by the Issuer to comply with requirements promulgated by the SEC. The Issuer has agreed to give notice in a timely manner to each National Repository, to the MSRB, and to each State Depository of any failure to supply the Annual Information. However, any such failure will not constitute a default under the terms of the Bonds. Holders of the Bonds may contact the Superintendent of the Issuer at 401 South Queen Street, Martinsburg, West Virginia 25401 (304/267-3500)for more information.

4. (a) This obligation constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b) (5) (i) of SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12 (the "Rule"). It is the Issuer's express intention that this obligation is for the benefit of the holders of the Bonds and that each owner be a beneficiary of this provision with the right to enforce this provision directly against the Issuer. Capitalized terms used in this provision shall have the meanings assigned such terms in subsection (d) hereof.

(b) The Issuer, as an "obligated person" within the meaning of the Rule, undertakes to provide the Annual Information consisting of the following:

(1) Annual Financial Information;
(2) Audited Financial Statements; and
(3) Material Event Notices.

(c) (1) The Issuer shall, while the Bonds are outstanding, provide the Annual Information to each National Repository and any State Depository within 270 days following the end of each fiscal year of the Issuer (the "Report Date"), commencing with the fiscal year ending June 30, 2002. The Issuer shall include with each submission of Annual Information a written representation to the effect that the Annual Information is the Annual Information required hereby and that it complies with these requirements. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the

change of fiscal year and the new Report Date to each National Repository and any State Depository provided that the new Report Date shall be 270 days after the end of the fiscal year of the Issuer, and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to each National Repository and any State Depository the Annual Information by specific reference to documents previously provided to each National Repository and any State Depository or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(2) If not provided as part of the Annual Information, the Issuer shall provide the Audited Financial Statements to each National Repository and any State Depository when and if available while Bonds are Outstanding.

(3) If a Material Event occurs while the Bonds are Outstanding, the Issuer shall provide a Material Event Notice to the MSRB, and each National Repository and any State Depository in a timely manner. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The following are the definitions of the capitalized terms used in this Section and not otherwise defined herein.

(1) "Annual Information" means the financial information (which shall be based on financial statements prepared in accordance with auditing standards contained in *Government Auditing Standards* and operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement.

(2) "Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with the basis of accounting prescribed by *Government Auditing Standards*.

(3) "Material Event" means any of the following events, if material, with respect to the Bonds.

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) Bond calls;
(ix) Defeasances;
(x) Release, substitution or sale of property securing repayment of the securities;
(xi) Rating changes.

(4) "Material Event Notice" means written or electronic notice of a Material Event.

(e) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

(f) The continuing obligation of the Issuer to provide Annual Information, Audited Financial Statements and Material Event Notices shall terminate immediately once the Bonds are no longer Outstanding. This obligation shall be null and void in the event that the Issuer delivers to the Registrar an

opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require such disclosure are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Issuer shall have provided notice of such delivery and the cancellation of this obligation to each National Repository and any State Depository. This obligation may be amended only upon the delivery by the Issuer to the Registrar of the proposed amendment and a determination described in clause (iii) below; provided that the Issuer shall have provided notice of such delivery and of the amendment to each National Repository and any State Depository. Amendments to this obligation shall only be made in the following circumstances:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted;

(ii) This provision, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of the holders of the Bonds, as determined by parties unaffiliated with the Issuer (such as the Registrar or Bond Counsel).

The Annual Information shall explain, in narrative form, the reasons for any amendment and the impact of the change in the type of Annual Information being provided.

If any amendment is made to this obligation specifying the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made should present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to each National Repository and any State Depository.

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY, WEST VIRGINIA

By: _____
President

ATTEST:

_____
Secretary

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of January 1, 2002:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@bloomberg.com

Thomson NRMSIR
Attn: Municipal Disclosure
395 Hudson Street – 3rd Floor
New York, NY 10014
Phone: (212) 897-5001 or
(800) 689-8466
FAX: (212) 989-2078
E-mail: disclosure@tfn.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Cata Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

APPENDIX F

SPECIMEN BOND INSURANCE POLICY

Exhibit A

FGIC

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, 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 and means, when referring to interest on a Bond, the stated date

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

SPECIMEN

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

SPECIMEN

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder 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.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Form **8038-G** (Rev. November 2000)
Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: The Board of Education of the County of Berkeley
2 Issuer's employer identification number: 55 6000297
3 Number and street (or P.O. box if mail is not delivered to street address): 401 South Queen Street
Room/suite:
4 Report number: 3 2002-1
5 City, town, or post office, state, and ZIP code: Martinsburg, West Virginia 24501
6 Date of issue: February 12, 2002
7 Name of issue: The Board of Education of The County of Berkeley Public School Bonds, Series 2002
8 CUSIP number: 084239 EP3
9 Name and title of officer or legal representative whom the IRS may call for more information: Vincent A. Collins, Esquire
10 Telephone number of officer or legal representative: (304) 624-8000

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☒ Education	11	27,801,847.15
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	5-01-2017	$27,801,847.15	$2,545,000.00	9.167 years	4.4799 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	36,016.48
23	Issue price of entire issue (enter amount from line 21, column (b))			23	27,801,847.15
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	58,000.00		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	58,000.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	27,743,847.15

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶	N/A

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Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: February 12, 2002 — Type or print name and title: Dr. William F. Queen, President

(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

CONTINUING DISCLOSURE CERTIFICATE

The Board of Education of the County of Berkeley, West Virginia (the "Issuer") hereby certifies in connection with the $27,800,000 aggregate principal amount of The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002 (the "Bonds"), as follows:

1. The Issuer hereby agrees to a continuing disclosure obligation for the benefit of the holders of the Bonds to provide certain financial and operating information (the "Annual Information") within two hundred seventy (270) days following the end of the fiscal year of the Issuer and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events specified below to each National Repository, to the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository. The names and addresses of each current National Repository and any State Depository are shown on Exhibit A attached hereto and made a part hereof.

2. The Annual Information will consist generally of the audited financial statements of the Issuer. Any such information may be supplied by specific reference to information previously supplied to each National Repository and any State Depository or the Securities and Exchange Commission ("SEC"). Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

3. This continuing disclosure obligation is being undertaken by the Issuer to comply with requirements promulgated by the SEC. The Issuer has agreed to give notice in a timely manner to each National Repository, to the MSRB, and to each State Depository of any failure to supply the Annual Information. However, any such failure will not constitute a default under the terms of the Bonds. Holders of the Bonds may contact the Superintendent of the Issuer at 401 South Queen Street, Martinsburg, West Virginia 25401 (304/267-3500)for more information.

4. (a) This obligation constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b) (5) (i) of SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12 (the "Rule"). It is the Issuer's express intention that this obligation is for the benefit of the holders of the Bonds and that each owner be a beneficiary of this provision with the right to enforce this provision directly against the Issuer. Capitalized terms used in this provision shall have the meanings assigned such terms in subsection (d) hereof.

(b) The Issuer, as an "obligated person" within the meaning of the Rule, undertakes to provide the Annual Information consisting of the following:

(1) Annual Financial Information;
(2) Audited Financial Statements; and
(3) Material Event Notices.

(c) (1) The Issuer shall, while the Bonds are outstanding, provide the Annual Information to each National Repository and any State Depository within 270 days following the end of each fiscal year of the Issuer (the "Report Date"), commencing with the fiscal year ending June 30, 2002. The Issuer shall include with each submission of Annual Information a written representation to the effect that the Annual Information is the Annual Information required hereby and that it complies with these requirements. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each National Repository and any State Depository provided that the new Report Date shall be 270 days after the end of the fiscal year of the Issuer, and provided further that the period between the final

Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to each National Repository and any State Depository the Annual Information by specific reference to documents previously provided to each National Repository and any State Depository or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(2) If not provided as part of the Annual Information, the Issuer shall provide the Audited Financial Statements to each National Repository and any State Depository when and if available while Bonds are Outstanding.

(3) If a Material Event occurs while the Bonds are Outstanding, the Issuer shall provide a Material Event Notice to the MSRB, and each National Repository and any State Depository in a timely manner. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The following are the definitions of the capitalized terms used in this Section and not otherwise defined herein.

(1) "Annual Information" means the financial information (which shall be based on financial statements prepared in accordance with auditing standards contained in *Government Auditing Standards* and operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement.

(2) "Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with the basis of accounting prescribed by *Government Auditing Standards*.

(3) "Material Event" means any of the following events, if material, with respect to the Bonds.

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) Bond calls;
(ix) Defeasances;
(x) Release, substitution or sale of property securing repayment of the securities;
(xi) Rating changes.

(4) "Material Event Notice" means written or electronic notice of a Material Event.

(e) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

(f) The continuing obligation of the Issuer to provide Annual Information, Audited Financial Statements and Material Event Notices shall terminate immediately once the Bonds are no longer Outstanding. This obligation shall be null and void in the event that the Issuer delivers to the Registrar an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require such disclosure are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Issuer shall have provided notice of such delivery and the cancellation of this obligation to each National

Repository and any State Depository. This obligation may be amended only upon the delivery by the Issuer to the Registrar of the proposed amendment and a determination described in clause (iii) below; provided that the Issuer shall have provided notice of such delivery and of the amendment to each National Repository and any State Depository. Amendments to this obligation shall only be made in the following circumstances:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted;

(ii) This provision, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of the holders of the Bonds, as determined by parties unaffiliated with the Issuer (such as the Registrar or Bond Counsel).

The Annual Information shall explain, in narrative form, the reasons for any amendment and the impact of the change in the type of Annual Information being provided.

If any amendment is made to this obligation specifying the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made should present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to each National Repository and any State Depository.

THE BOARD OF EDUCATION OF THE
COUNTY OF BERKELEY, WEST VIRGINIA

By: _____
President

ATTEST:

_____
Secretary

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of January 1, 2002:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@bloomberg.com

Thomson NRMSIR
Attn: Municipal Disclosure
395 Hudson Street – 3rd Floor
New York, NY 10014
Phone: (212) 897-5001 or
(800) 689-8466
FAX: (212) 989-2078
E-mail: disclosure@tfn.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Cata Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

NOTICE OF SCHOOL BOND ELECTION

A SPECIAL SCHOOL BOND ELECTION WILL BE HELD ON SATURDAY, SEPTEMBER 29, 2001, IN BERKELEY COUNTY, WEST VIRGINIA, ON THE MATTERS SET FORTH IN AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY, AS FULLY SET FORTH AS FOLLOWS:

BERKELEY COUNTY BOARD OF EDUCATION
ORDER DIRECTING ELECTION

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY DIRECTING THAT A SPECIAL ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF BERKELEY COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN TWENTY-SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS ($27,800,000) FOR LAND ACQUISITION, SITE PREPARATION AND ACQUISITION, CONSTRUCTION, EQUIPPING AND FURNISHING OF NEW SCHOOLS AND RENOVATIONS AND IMPROVEMENTS FOR EXISTING SCHOOLS IN BERKELEY COUNTY SCHOOL DISTRICT

BE IT ORDERED AND ENTERED OF RECORD BY THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY:

It appears to The Board of Education of the County of Berkeley (herein called the "Board") and the Board does accordingly hereby find:

1. As a result of continued growth in student enrollment, and inadequate school buildings and related facilities in Berkeley County School District (the "District") in the State of West Virginia (the "State") which generally result in insufficient and ineffective space, excessive maintenance costs and lack of efficiency are conditions which now exist and are adversely affecting proper and adequate education of students in the District to prepare them for gainful employment or further education, and those conditions, together with due regard for proper health and safety standards, make it necessary that the Board acquire, construct, erect, furnish and equip two new schools and the sites therefore and undertake renovation and improvements for certain existing schools, all as shown below; and such conditions and requirements have been found and are hereby determined to exist, pursuant to investigation caused to be made by this Board. The funds derived from current levies applicable to acquisition and construction of such new facilities which this body is now authorized by law to lay, after providing for the administration of the affairs of this Board and meeting the current expenses thereof required by law, are insufficient to finance such acquisition and construction and therefore, Bonds should be issued to provide funds therefor.

2. Funds should be obtained for the purposes mentioned above and

described below and it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, equipping and furnishing of two new schools, together with site acquisition and preparation costs and the renovation and improvement of certain existing schools and all necessary appurtenances (collectively, the "Project"), to pay interest during the period of construction of the Project and for up to six months thereafter, to pay architectural, engineering and inspection costs and to pay costs of issuance of the Bonds, all as more fully hereinafter described. Investigation and studies by this Board show that at least the sum of $43,250,000 should be spent for such purposes, $27,800,000 of which would be provided from proceeds of the hereinafter described Bonds and $15,450,000 of which would be provided by expected grants from the School Building Authority of West Virginia, all to the end of providing adequate, safe and convenient school facilities in the District to meet and improve the educational needs and opportunities of the students in the District.

3. The valuation of the taxable property in the District, as shown by the last assessment thereof for state and county taxation purposes, is $2,039,548,672, and the valuation of each class of property within the District is as follows:

Class I	$ 106,547,096
Class II	1,026,770,878
Class III	645,779,372
Class IV	260,451,326
TOTAL	$2,039,548,672

4. There is bonded indebtedness for school purposes in the District in the outstanding amount of $13,690,000. The unbonded indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate principal amount of $27,800,000, together with the existing bonded indebtedness of $13,690,000, being less than 5% of the value of such taxable property as ascertained by the last assessment thereof for State and county taxes, may be issued for the purposes herein provided without exceeding any constitutional or statutory limitation.

5. Bonds in the principal amount of $5,000 each, or integral multiples thereof, aggregating not more than $27,800,000, shall be issued and sold, in whole, or from time to time in part, as the Board may in its discretion, deem proper, advisable and in the best interests of the inhabitants of the District, the proceeds of which sale shall be used for the Project, provided, that if any part of the bond proceeds should not be needed for completion of the Project, such unneeded part shall be deposited with the West Virginia Municipal Bond Commission to be used solely for the purchase or redemption of any Bonds of this issue outstanding or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified, provided that the Board shall have the authority to pay matured interest and the principal amount of any matured Bonds from Bond proceeds until levy money is available to pay the same and thereafter, the bond proceeds expended for this purpose may be reimbursed from levy moneys collected.

6. The Bonds shall bear interest at a rate or rates not exceeding 7 1/4% per annum, payable semiannually, but it is anticiipated that the best bid for the Bonds will provide a much lower interest rate (which will result in a lower levy rate needed to pay the Bonds an dthe interest thereon), and the Bonds shall be payable for a maximum term of 15 1/2 years from the date of issuance thereof.

7. It is further hereby ordered by the Board of Education of the County of Berkeley that:

(A) The question of incurring said debt and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of Berkeley County School District at a special election to be held in the District on Saturday, September 29, 2001.

(B) The names of the Commissioners for holding said election shall be as follows (provided that, if any of such Commissioners are unavailable or otherwise unable to serve, substitutes will be appointed):

Classifieds Call (304) 263-8931

Virginia M. Sine (Circuit Clerk)

P. Douglas Luttrell

Joanne Overington

(C) The registration of voters and the use of the registration books shall be governed by the permanent registration laws of the State of West Virginia and the Board hereby adopts the registration lists of the County of Berkeley as the official registration lists of the District for such school bond election.

(D) The purposes or projects for which the proceeds of sale of the Bonds ($27,800,000), if authorized by the voters and the expected grants from the School Building Authority of West Virginia ($15,450,000), are to be expended are as follows:

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	SBA GRANT
1.	NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
2.	NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000
3.	EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
4.	EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and	Existing Back Creek Elementary School	$ 800,000	$ -0-

Bonds at the maturities thereof, for which purpose a levy upon each $100 valuation based upon the last assessment of such property for state and county purposes, will be required at the approximate rates as follows:

Upon Class I property, approximately 6.00 cents

Upon Class II property, approximately 12.00 cents

Upon Class III property, approximately 24.00 cents

Upon Class IV property, approximately 24.00cents

(F) In the laying of such levy, the assessment levy authorized to be laid by the Board for the District by the Constitution of West Virginia and the statutes enacted pursuant thereto shall not be exceeded; provided, however, that the rates hereinabove set forth may, whenever necessary, be exceeded in making the annual levy for interest and principal of such Bonds within any statutory and constitutional limitations; and in the levy, collection and disbursement of taxes within constitutional and statutory limitations, such levy for interest and principal upon such proposed Bonds shall have preference over all other taxes collected by the Board for any purpose whatever, except the payment of interest and sinking fund requirements on other Bond issues which heretofore have been authorized or which may hereafter be authorized.

(G) If the debt and the Bond issue shall be approved by the voters, the Bonds, together with all existing bonded indebtedness, including any other bonds heretofore issued and payable from taxes levied outside the limitations fixed by Section 1, Article X of said Constitution, will not exceed in the aggregate 5% of the valuation of the taxable property in the District ascertained in accordance with Sections 8 and 10, Article X of said Constitution, and such Bonds and the interest thereon will be payable from a direct annual tax levied and collected each year, on all taxable property in the District, sufficient to pay the principal and interest accruing and becoming due on such Bonds in each year together with any deficiencies for prior years, within, and not exceeding 34 years, which tax levies will be laid separate and apart from, and in addition to, the maximum rates provided for tax levies for school districts on the several classes of property in Section 1, Article X of said Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and said tax will be levied outside the limits fixed by Section 1, Article X of said Constitution.

(H) If the debt and Bond issue submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment," and Section 10, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1951, amending and re-enacting Sections 3 and 4, Article 1, Chapter 13 of the Code of West Virginia, 1931, the levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies; said levies herein provided shall be levied and allocated each year for the purpose of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the District, and the Board does further find that after laying and allocating said special levies for payment of the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

(I) The form of ballot to be used for such school bond election shall be as follows:

OFFICIAL BALLOT

BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

SPECIAL SCHOOL BOND ELECTION

SATURDAY, SEPTEMBER 29, 2001

5.	EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-
6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-
9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings; windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
	TOTALS		$27,800,000	$15,450,000
	APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		$27,800,000	
	APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		$15,450,000	
	APPROXIMATE TOTAL COST OF ALL PROJECTS		$43,250,000	

Shall the Board of Education of the County of Berkeley incur debt and issue Bonds in the amount of not more than TWENTY-SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS ($27,800,000), maturities on such Bonds to run not more than 15½ years from the date of such Bonds, with interest not exceeding the rate of 7 1/4% per annum, payable semi-annually, for the purpose of making the following improvements in Berkeley County School District (Estimated Costs to include both Bond proceeds and proceeds of grants expected to be received from the School Building Authority of West Virginia, as shown below) to provide adequate, safe and convenient educational facilities for the School District, and levy taxes sufficient to pay the interest on and the principal of such Bonds?

PROJECT	LOCATION	ESTIMATED COST: BOND PROCEEDS	SBA GRANT
1. NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
2. NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000
3. EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000
4. EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-
5. EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-

6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-

The above amounts include costs of site acquisition and improvement, demolition as needed, construction, erection, furnishing and equipping of the Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for a period of six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out and completing the Project.

(E) If the voters of the District approve such debt and the issuance of said Bonds, the Board shall lay annually upon the assessed valuation of all the taxable property within the District a levy sufficient to provide funds for the payment of the annual interest upon said Bonds as it accrues semiannually, and the principal of said

	PROJECT	LOCATION	ESTIMATED COST: BOND PROCEEDS	ESTIMATED COST: SBA GRANT
9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$ -0
	TOTALS		$27,800,000	$13,450,000
	APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		$27,800,000	
	APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		$13,450,000	
	APPROXIMATE TOTAL COST OF ALL PROJECTS		$43,250,000	

The above amounts include costs of site acquisition and improvement, demolition, as needed, construction, erection, furnishing and equipping of such Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out and completing the Project.

[ ] Yes
[ ] No

INSTRUCTIONS TO VOTERS: To vote in favor of the proposition submitted on this ballot, place an X mark in the square before the word "YES".

To vote against the proposition, place a similar mark in the square before the word "NO".

* * * * * * * * * * * *

8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Berkeley County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and, in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on Friday, October 5, 2001, that being the 5th day, Sunday excepted, after such election for such purposes.

9. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Berkeley in accordance with the laws of the State of West Virginia, and said Clerk is hereby appointed the agent of the Board to perform all duties relating to absentee ballots in this election.

10. Notice of the school bond election hereby ordered shall be given, as required by law, by the publication of this order within the 14 consecutive days next preceding the date of such election, with an interval of at least 6 full days between the first and second publications, once a week for 2 successive weeks in the Martinsburg Journal, being the only qualified newspaper published or of general circulation in Berkeley County, West Virginia, the publication dates to be September 20 and September 27, 2001.

Given under my hand this 18th day of June, 2001.

By: /s/ Dr. William F. Queen
President of The Board of Education of the County of Berkeley

CERTIFICATE

Certified a true and correct copy of the Order Directing Election, made and entered of record by The Board of Education of the County of Berkeley at a regular meeting thereof duly and regularly called and held upon lawful notice to all members thereof and to the public and news media, on the 18th day of June, 2001, at Martinsburg, Berkeley County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such order is in full force and effect.

Given under my hand this 18th day of June, 2001.

By: /s/ Manny Arvon
Secretary of The Board of Education of the County of Berkeley

9,20,27(2t)

Certificate of Publication

This is to certify the annexed advertisement

Steptoe & Johnson

Public School Bonds, Series 2002

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

9/20

and ending

9/27

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 1,662.72

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 10/2/01 by Debra J. Smith.

My commission expires 5/16/05.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SANDRA B. SPERRY
ROUTE 4, BOX 296
HEDGESVILLE, WV 25427
My Commission Expires August 16, 2005

Certificate of Publication

This is to certify the annexed advertisement

Steptoe & Johnson

School Bonds

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

12/17

and ending

12/24

The Journal

207 W. King Street
Martinsburg, WV 25401

Fee $ 558.56

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before ~~me~~ this 12/24/01 by

[signature]

My commission expires 10/13/10.

[signature]
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
114 Running Wood Drive
Inwood, WV 25428
My Commission Expires Oct. 13, 2010

IN THE MATTER OF THE BOARD OF EDUCATION OF BERKELEY COUNTY, STATE OF WEST VIRGINIA
$27,800,000
PUBLIC SCHOOL BONDS, SERIES 2002

ATTORNEY GENERAL'S APPROVAL

At a regular meeting of the Board of Education of the County of Berkeley, State of West Virginia, held on June 18, 2001, an order was entered of record authorizing a vote to be taken of legal voters of the County of Berkeley at a special election to be held on September 29, 2001, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Twenty-seven Million Eight Hundred Thousand Dollars ($27,800,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used (together with proceeds of certain grants from the expected to be received School Building Authority of West Virginia, as set forth below) for the following purposes:

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
1.	NEW SPRING MILLS AREA MIDDLE SCHOOL Acquisition of site, site preparation and furnish and equip a new middle school to house approximately 750 students containing approximately 95,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near intersection of I-81 and Route 901	$10,525,000	$2,000,000
2.	NEW BACK CREEK VALLEY/GERRARDSTOWN INTERMEDIATE SCHOOL Acquisition of site, site preparation and furnish and equip a new intermediate school to house approximately 450 students containing approximately 44,000 square feet, together with all necessary furnishings, fixtures, equipment and appurtenances.	Site located near the community of Gerrardstown	$1,125,000	$4,500,000

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	ESTIMATED COST SBA GRANT
3.	EXISTING MARTINSBURG SOUTH MIDDLE SCHOOL Construct new classrooms, library, kitchen/dining, entrance foyer and additional offices; renovation and improvements to existing buildings, flooring, windows, ceilings, HVAC, electrical wiring and lighting, toilets and locker rooms, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg South Middle School	$1,150,000	$4,650,000

	PROJECT	LOCATION	ESTIMATED COST BOND PROCEEDS	SBA GRANT
4.	EXISTING BACK CREEK ELEMENTARY SCHOOL Construct new classrooms, new toilets and storage areas, renovation and improvements to existing buildings, flooring, windows, ceilings, exterior walls, doors, HVAC, electrical wiring/lighting and roof, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Back Creek Elementary School	$ 800,000	$ -0-
5.	EXISTING HEDGESVILLE ELEMENTARY SCHOOL Construct new classrooms, multipurpose room, addition and renovation of storage and office areas, renovate existing buildings, floors, wall structure, exterior wall structure, windows, doors, flooring, ceilings, HVAC, electrical wiring and toilets, install elevator and expand/equip kitchen, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville Elementary School	$3,300,000	$ -0-
6.	EXISTING MILL CREEK INTERMEDIATE SCHOOL Construct new multipurpose room, dining room, renovation of existing storage and office areas, renovate existing building's exterior walls, flooring, ceilings, toilets and HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Mill Creek Intermediate School	$1,300,000	$ -0-
7.	EXISTING HEDGESVILLE HIGH SCHOOL Construct new classrooms and storage areas, locker rooms and spectator gym, renovation of existing building's HVAC system, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Hedgesville High School	$2,200,000	$4,300,000
8.	EXISTING MARTINSBURG HIGH SCHOOL Construct new classroom addition, expand existing gym seating area, renovate and improve locker rooms and toilets, together with all necessary furnishings, fixtures, equipment and appurtenances.	Existing Martinsburg High School	$3,700,000	$ -0-
9.	EXISTING BUNKER HILL ELEMENTARY SCHOOL Construct new classrooms, computer lab and kitchen, addition to storage and office areas, renovate existing buildings, windows, roof, flooring, ceilings, HVAC system, electrical wiring/lighting and toilets	Existing Bunker Hill Elementary School	$3,700,000	$ -0-
	TOTALS		$27,800,000	$15,450,000

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	**$27,800,000**
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	$15,450,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	$43,250,000

The Board of Education of the County of Berkeley pursuant to the provisions of Chapter 13, Article 1, Section 25, of the West Virginia Code of 1931, as amended, has caused to be transmitted to me certified copies of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and I have examined the same.

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing bonds, as provided in said order, Three Thousand Five Hundred Fourteen (3,514) votes were cast for and Two Thousand Forty-one (2,041) votes were cast against the issuance of said bonds, so that a majority of the votes were cast for the proposition.

In my opinion, there has been substantial compliance with the law relating to the issuance of said bonds, and I therefore approve the validity of such bond issue pursuant to the provisions of Chapter 13, Article 1, Section 25, of the West Virginia Code of 1931 as amended.

Charleston, West Virginia

December 6, 2001

Darrell V. McGraw, Jr.

11/20/01
067600/00002

12:17:24(2T)

OFFICE OF THE CLERK

CLERK OF COURT
RORY L. PERRY II

STATE CAPITOL, ROOM E-317
1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305
PHONE: (304) 558-2601
FAX: (304) 558-3815
WEB: WWW.STATE.WV.US/WVSCA

January 10, 2002

Dawn E. Warfield, Esq.
Deputy Attorney General
Attorney General's Office
State Capitol Building
Charleston, West Virginia 25305

Re: The Board of Education of the County of Berkeley
$27,80,000 Public School Bonds, Series 2002

Dear Ms. Warfield:

As of this date, no person or taxpayer, within ten days from and after the date of last publication of notice of the above-referenced bond issue on December 6, 2001, presented a petition to the Supreme Court of Appeals, or to a judge thereof in vacation, praying that the action of the Attorney General, which approved the subject issue pursuant to West Virginia Code §13-1-25, be reversed or modified as provided in West Virginia Code, §13-1-26.

If there are any other questions regarding this matter, please give me a call.

Sincerely,

Rory L. Perry II
Clerk

RLP/llg

The Journal

P.O. Box 807, 207 W. King Street
Martinsburg, West Virginia 25401
(304) 263-8931

LEGAL ADVERTISING INVOICE

L10359 CHARGE	CASH PAID
580.22	

To Ferris Baker Watts
Public Finance Department
100 Laidley Tower

Charleston, WV 25301

Dates Published 1/16, 1/23

Size of Ad:

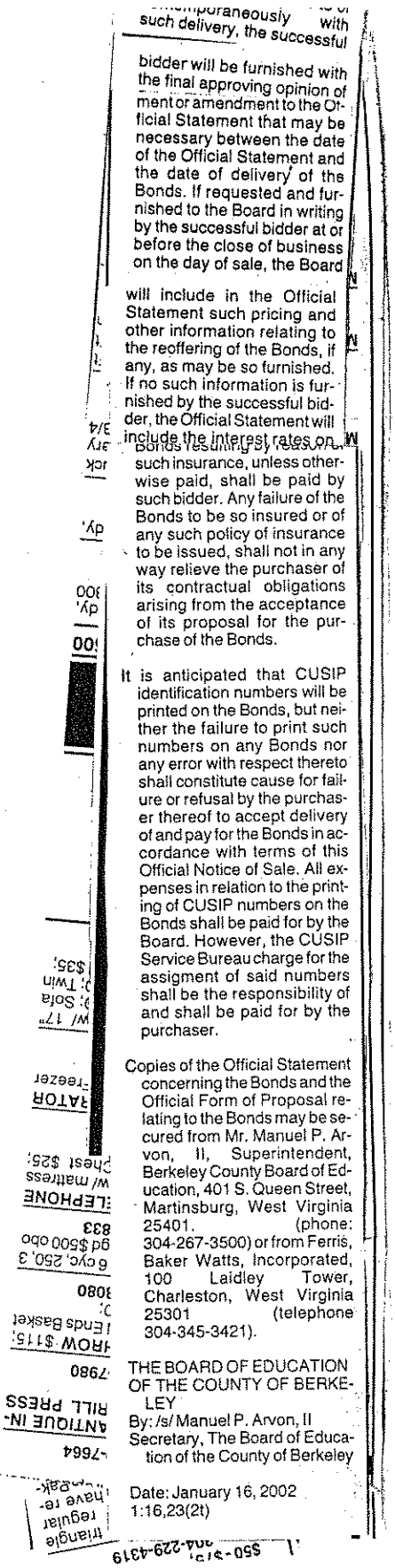
70.5 inches × 1 column = 70.5 inches × 4.70 = 1st Ad 331.35

3.35 = 2nd Ad 248.87

= 3rd Ad

Ad Description Public School Bonds, Series 2002

White–Customer Copy Yellow–Second Notice Pink–Accounting



such delivery, the successful bidder will be furnished with the final approving opinion of ment or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assigment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Mr. Manuel P. Arvon, II, Superintendent, Berkeley County Board of Education, 401 S. Queen Street, Martinsburg, West Virginia 25401. (phone: 304-267-3500) or from Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301 (telephone 304-345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
By: /s/ Manuel P. Arvon, II
Secretary, The Board of Education of the County of Berkeley

Date: January 16, 2002
1:16,23(2t)

Certificate of Publication

This is to certify the annexed advertisement

Ferris Baker Watts

Public School Bonds, Series 2002

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

1/16

and ending

1/23

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 580.22

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 1/29/02 by

My commission expires 10/13/10.

Deborah E. Spaulding
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
114 Running Wood Drive
Inwood, WV 25428
My Commission Expires Oct. 13, 2010

Copy of Advertisement

City and County of New York, ss.:-

Ricardo Rivera, being duly sworn, says that he is the Advertising Clerk of THE BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said THE BOND BUYER on

Ricardo Rivera

Advertising Clerk

Subscribed and sworn to before me this

16th *day of* January 2002

Dawn Brown

Dawn Brown
Notary Public, State of New York
No. 01BR5021063
Qualified in Kings County
Commission Expires December 6, 2003

SUMMARY NOTICE OF BOND SALE

$27,800,000
The Board of Education of the County of Berkeley
West Virginia
Public School Bonds, Series 2002

SEALED BIDS will be received on behalf of The Board of Education of the County of Berkeley, West Virginia (the "Board") until 12:00 NOON (Eastern Standard Time) on Wednesday,

January 30, 2002

At the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia, 25301, for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of $27,800,000, The Board of Education of the County of Berkeley, West Virginia, Public School Bonds, Series 2002, provided, however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least 24 hours prior to any change in the sale date. The Bonds are payable on

May 1 in each year as follows:

Year	Principal Amount	Year	Principal Amount
2003	$1,015,000	2010	$1,840,000
2004	1,390,000	2011	1,925,000
2005	1,455,000	2012	2,015,000
2006	1,525,000	2013	2,110,000
2007	1,600,000	2014	2,210,000
2008	1,675,000	2015	2,315,000
2009	1,755,000	2016	2,425,000
		2017	2,545,000

The Bonds maturing after May 1, 2012 are subject to redemption prior to maturity at the option of the Board. The Bonds will be general obligations of the Board and the full faith and credit of the Board and will be pledged for payment of the principal and interest thereon. The approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of $5,000 and multiples of $5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

A complete copy of the Official Notice of Sale and Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301, telephone (304) 345-3421.

By Order of the Board of Education

of the County of Berkeley, West Virginia

January 16, 2002

PARITY

www.tm3.com/parity

- *Reduce errors in bid calculation and submission*
- *Integrated with Bidcomp Competitive Bidding System and Thomson Worksheets to offer all-electronic bid submission*
- *View results in real time, from multiple locations*

FOR MORE INFORMATION, CONTACT:

WARREN BRIGGS (212) 807-5309
PAM BRUNO (212) 806-8376
MIKE FERGUSON (212) 807-5147

PARITY
ELECTRONIC BIDDING
CURRENTLY PENDING PARITY SALES
1/23 - PICKENS COUNTY, SC
1/23 - ALTA COMM. SD, IA
1/23 - STATE OF WASHINGTON
1/23 - DUBLIN USD, CA
1/23 - OKLAHOMA CO. ISD #89, OK
1/23 - TOLTEC ESD #22, AZ
1/23 - MARYLAND DOT, MD
1/23 - WAKEFIELD, MA
1/23 - KALAMAZOO PUB. LIBR., MI
1/23 - FLORIDA HSG. FIN. CORP., FL
1/23 - MOUNT PLEASANT, IA
1/24 - LACEY, WA
1/24 - DARIEN, CT
1/24 - LOWELL, MA
1/24 - ROANOKE, VA
1/24 - MEIGS COUNTY, TN
1/24 - ROWLEY, MA
1/28 - WHARTON COUNTY, TX
1/28 - WATAUGA, TX
1/28 - LONE TREE COMM. SD, IA
1/28 - WESTLAKE, TX
1/29 - WOODLAND JT. USD, CA
1/29 - MINNESOTA STATE COLLEGE, MN
1/29 - BELLAIRE, TX
1/30 - WESTPORT, MA
1/30 - TEWKSBURY, MA
1/30 - SPARTANBURG SAN SWR., SC

Results of Negotiated Sales

Continued from page 12

Purchased through negotiation by Fahnestock & Co., Inc., as follows:

Due	Amount	Cpn	Reoffered
12/1/02	$3,010,000	1.60%	1.60%
12/1/03	$3,650,000	3.00%	2.50%
12/1/04	$3,760,000	3.50%	3.00%
12/1/06	$7,970,000	4.75%	3.35%

L.O.: Yates, Mauk, Bohrer, Elliff, Croessman & Wieland P.C., Springfield.

NEBRASKA

Nebraska State College Facilities Corp
Jan 21, 2002 ..... $11,375,000

College Bonds, Series 2002 (Peru State College/ Wayne State College Project) (book entry).
Dated Jan 29, 2002.
Due Mar 1, 2003 to 2009.
First coupon Sep 1, 2002.
Non-callable.

Purchased through negotiation by Ameritas Investment Corp., as follows:

Due	Amount	Cpn	Reoffered
3/1/03	$85,000	2.00%	2.00%
3/1/04	$1,550,000	2.45%	2.50%
3/1/05	$1,590,000	3.75%	3.13%
3/1/06	$1,650,000	4.00%	3.48%
3/1/07	$1,715,000	4.25%	3.72%
3/1/08	$1,790,000	3.85%	3.90%
3/1/09	$2,995,000	5.00%	4.05%

L.O.: Cline, Williams Wright Johnson & Oldfather, Lincoln.

NEW JERSEY

New Jersey Housing and Mortgage Finance Agency
Jan 18, 2002 ..... $119,455,000

Multi-Family Housing Revenue Bonds, Series F (FSA Insured) (book entry).
Dated Oct 2, 2002.
Due May 1, 2003 to Nov 1, 2016.
First coupon May 1, 2003.
Callable Jan 1, 2012 at par.

Purchased through negotiation by Merrill Lynch & Co., Bear, Stearns & Co., Inc., M.R. Beal & Co., First Union National Bank, as follows:

Due	Amount	Cpn	Reoffered
5/1/03	$5,080,000	2.70%	2.70%
11/1/03	$5,610,000	2.75%	2.75%
11/1/04	$11,385,000	3.30%	3.30%
5/1/05	$5,750,000	3.75%	3.75%
11/1/05	$6,275,000	3.75%	3.75%
5/1/06	$5,610,000	4.00%	4.00%
11/1/06	$6,255,000	4.00%	4.00%
5/1/07	$5,990,000	4.30%	4.30%
11/1/07	$6,675,000	4.30%	4.30%
5/1/08	$6,390,000	4.45%	4.45%
11/1/08	$7,130,000	4.45%	4.45%
5/1/09	$6,840,000	4.65%	4.65%
11/1/09	$7,015,000	4.65%	4.65%
5/1/10	$3,540,000	4.75%	4.75%
11/1/10	$4,045,000	4.75%	4.75%
5/1/11	$2,450,000	4.85%	4.85%
11/1/11	$3,190,000	4.85%	4.85%
5/1/12	$2,620,000	4.95%	4.95%
11/1/12	$3,405,000	4.95%	4.95%
5/1/13	$2,800,000	5.05%	5.05%
11/1/13	$3,650,000	5.05%	5.05%
5/1/14	$2,995,000	5.20%	5.20%
11/1/14	$3,410,000	5.20%	5.20%
5/1/15	$405,000	5.30%	5.30%
11/1/15	$425,000	5.30%	5.30%
11/1/16	$515,000	5.40%	5.40%

New Jersey Housing and Mortgage Finance Agency
Jan 18, 2002 ..... $53,555,000

Multi-Family Housing Revenue Bonds, Series A (FSA Insured) (book entry).
Dated Feb 5, 2002.
Due May 1, 2003 to Nov 1, 2013.
First coupon Nov 1, 2002.
Callable Jan 1, 2012 at par.

Purchased through negotiation by Merrill Lynch & Co., UBS PaineWebber Inc, Bear, Stearns & Co., Inc., M.R. Beal & Co., Salomon Smith Barney, Inc., First Union National Bank, Ryan, Beck & Co., as follows:

Due	Amount	Cpn	Reoffered
5/1/03	$2,060,000	1.70%	1.70%
11/1/03	$2,080,000	1.75%	1.75%
5/1/04	$2,105,000	2.40%	2.40%
11/1/04	$2,140,000	2.40%	2.40%
5/1/05	$2,175,000	2.95%	2.95%
11/1/05	$2,205,000	2.95%	2.95%
5/1/06	$2,245,000	3.30%	3.30%
11/1/06	$2,280,000	3.30%	3.30%
5/1/07	$2,325,000	3.65%	3.65%
11/1/07	$2,365,000	3.65%	3.65%
5/1/08	$2,415,000	3.875%	3.875%
11/1/08	$2,460,000	3.875%	3.875%
5/1/09	$2,515,000	4.10%	4.10%
11/1/09	$2,565,000	4.10%	4.10%
5/1/10	$2,615,000	4.25%	4.25%
11/1/10	$2,680,000	4.25%	4.25%
5/1/11	$2,730,000	4.35%	4.35%
11/1/11	$2,795,000	4.35%	4.35%
5/1/12	$2,855,000	4.45%	4.45%
11/1/12	$2,925,000	4.45%	4.45%
5/1/13	$2,985,000	4.55%	4.55%
11/1/13	$2,035,000	4.55%	4.55%

PENNSYLVANIA

Cocalico School District
Jan 21, 2002 ..... $9,875,000

General Obligation Bonds, Series of 2002 (FGIC Insured).
Dated Feb 15, 2002.
Due Apr 1, 2003 to 2021.
First coupon Oct 1, 2002.
Callable Apr 1, 2007 at par.

Purchased through negotiation by RBC Dain Rauscher, as follows:

Due	Amount	Cpn	Reoffered
4/1/03	$375,000	1.65%	1.65%
4/1/04	$380,000	2.25%	2.25%
4/1/05	$390,000	2.85%	2.85%
4/1/06	$400,000	3.15%	3.15%
4/1/07	$410,000	3.50%	3.50%
4/1/08	$425,000	3.65%	3.70%
4/1/09	$440,000	3.90%	3.95%
4/1/10	$460,000	4.00%	4.05%
4/1/11	$480,000	4.10%	4.18%
4/1/12	$495,000	4.20%	4.28%
4/1/13	$520,000	4.35%	4.40%
4/1/14	$540,000	4.45%	4.50%
4/1/15	$565,000	4.55%	4.60%
4/1/16	$590,000	4.65%	4.70%
4/1/17	$620,000	4.75%	4.80%
4/1/18	$650,000	4.80%	4.85%
4/1/19	$680,000	4.85%	4.90%
4/1/20	$710,000	4.90%	4.95%
4/1/21	$745,000	4.90%	4.98%

L.O.: Kegel Kelin Almy & Grimm LLP, Lancaster.

East Cocalico Township Authority
Jan 21, 2002 ..... $2,895,000

Water Revenue Bonds, Series of 2002 (FGIC Insured).
Dated Feb 15, 2002.
Due Jun 1, 2002 to 2010.
First coupon Jun 1, 2002.
Non-callable.

Purchased through negotiation by RBC Dain Rauscher, as follows:

Due	Amount	Cpn	Reoffered
6/1/02	$220,000	1.60%	1.60%
6/1/03	$300,000	1.65%	1.65%
6/1/04	$305,000	2.25%	2.25%
6/1/05	$320,000	2.85%	2.85%
6/1/06	$320,000	3.15%	3.15%
6/1/07	$340,000	3.50%	3.50%
6/1/08	$345,000	3.65%	3.70%
6/1/09	$370,000	3.90%	3.95%
6/1/10	$375,000	4.00%	4.05%

L.O.: Rhoads & Sinon, Harrisburg.

Oley Valley School District
Jan 17, 2002 ..... $25,390,000

General Obligation Bonds, Series A of 2002 (FGIC insured) (book entry) $21,420,000.
Dated Feb 15, 2002.
Due May 15, 2004 to 2028.
First coupon May 15, 2002.
Callable May 15, 2012 at par.

Purchased through negotiation by Wachovia Securities, Legg Mason Wood Walker, Inc., as follows:

Due	Amount	Cpn	Reoffered
5/15/04	$85,000	2.25%	2.30%
5/15/05	$85,000	2.85%	2.90%
5/15/06	$100,000	3.20%	3.25%
5/15/07	$105,000	3.50%	3.60%
5/15/08	$115,000	3.75%	3.80%
5/15/09	$120,000	4.00%	4.03%
5/15/10	$125,000	4.10%	4.15%
5/15/11	$120,000	4.20%	4.25%
5/15/12	$130,000	4.30%	4.35%
5/15/13	$130,000	4.40%	4.47%
5/15/14	$145,000	4.50%	4.58%
5/15/15	$145,000	4.60%	4.68%
5/15/16	$155,000	4.70%	4.78%
5/15/17	$165,000	4.80%	4.88%
5/15/18	$1,155,000	4.875%	4.95%
5/15/19	$1,675,000	5.00%	5.01%

SUMMARY NOTICE OF SALE

$27,345,000*
HENRICO COUNTY, VIRGINIA,
PUBLIC IMPROVEMENT BONDS, SERIES 2002

NOTICE IS HEREBY GIVEN that electronic bids for the purchase of Twenty-Seven Million Three Hundred Forty-Five Thousand Dollars ($27,345,000)* Public Improvement Bonds, Series 2002 (the "Bonds"), of Henrico County, Virginia (the "County"), will be received by or on behalf of the County via the Dalcomp BIDCOMP/PARITY Competitive Bidding System ("PARITY") until **11:00 A.M., Eastern Standard Time** on **Tuesday, February 5, 2002** (the "Date of the Sale"). The County expects to award the Bonds to the successful bidder therefor at or before 1:00 P.M., Eastern Standard Time, on the Date of Sale.

The Bonds will be dated February 1, 2002 and will bear interest from their date payable on October 1, 2002 and semiannually on each April 1 and October 1 thereafter. The Bonds will mature on April 1 in each of the years 2003 to 2022, both inclusive. The details of the Bonds, including the security for the Bonds, the redemption provisions relating thereto and the basis for the award of the Bonds and the bidding limitations relating thereto, are more fully described in the Detailed Notice of Sale, dated January 23, 2002. The Bonds will be issued in book-entry form through the facilities of The Depository Trust Company, New York, New York. The County will furnish to the successful bidder for the Bonds the opinion of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the County, approving the validity of the Bonds.

Bidders must bid for all of the Bonds and no proposal for less than par or more than one hundred and two percent (102%) of the principal amount of the Bonds and accrued interest to the date of delivery will be considered. The Bonds will be awarded in accordance with the terms and provisions of the Detailed Notice of Sale referred to herein.

Electronic bids must be submitted through PARITY in accordance with the rules and requirements of PARITY. No other provider of electronic bidding services will be accepted. The County will not be responsible or liable for bids submitted electronically. The County reserves the right to postpone the sale of the Bonds in accordance with the provisions of the Detailed Notice of Sale referred to herein.

The Preliminary Official Statement and the Detailed Notice of Sale relating to the Bonds will be available for review on and after January 23, 2002 on Thomson Municipal Market Monitor's (www.tm3.com) Bond Buyer Wire. Information about PARITY, including any fees charged, may be obtained from PARITY, 395 Hudson Street, New York, New York 10014, Attention: Anthony Leyden or Jennifer Emery, Telephone (212) 806-8304.

VIRGIL R. HAZELETT, P.E.
County Manager

Dated: January 23, 2002

*Preliminary, subject to adjustment as provided in the Detailed Notice of Sale.

Redemption Advertising
in
THE BOND BUYER®
If your redemption notices
don't reach the right audience,
they haven't completed their job.
Call 1-800-595-4644 today!

SUMMARY NOTICE OF SALE

TOWNSHIP OF WAYNE, IN THE COUNTY OF PASSAIC, NEW JERSEY
$5,242,000 GENERAL IMPROVEMENT BONDS
BOOK ENTRY ONLY BONDS

BANK QUALIFIED

SEALED PROPOSALS will be received by the Township Council at 475 Valley Road, Wayne, N.J. on February 6, 2002 until 7:30 p.m. for the purchase of the above Bonds of the Township dated February 1, 2002 and due (without option of prior redemption) on February 1 as follows:

Year	Principal Amount	Year	Principal Amount
2003	$ 50,000	2008	$800,000
2004	350,000	2009	800,000
2005	400,000	2010	800,000
2006	500,000	2011	992,000
2007	550,000		

The Bonds will be issued in book-entry form only, in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year. The Bonds are redeemable at the option of the Township in accordance with the terms set forth in the full Notice of Sale. The Township will furnish Bonds and the approving legal opinion of McManimon & Scotland, L.L.C., Newark, N.J.

The Bonds will bear interest at the rate or rates per annum in multiples of 1/8 or 1/20 of 1% (ascending rates and only one rate per maturity) specified by the successful bidder payable semiannually on February 1 and August 1 in each year until maturity, commencing on August 1, 2002. The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest net interest cost in accordance with the terms set forth in the full Notice of Sale.

The full Notice of Sale, the Official Statement and bid forms are available by contacting Robert Miller, the Chief Financial Officer at 475 Valley Road, Wayne, N.J. 07470, (973) 694-1800 ext. 3209.

$49,530,000* State of Nevada
General Obligation (Limited Tax)
Capital Improvement and Refunding Bonds
Series February 1, 2002A
and
$4,415,000* State of Nevada
General Obligation (Limited Tax)
Fish Hatchery Improvement and Reservoir Refunding Bonds
Series February 1, 2002B
and
$11,815,000* State of Nevada
General Obligation (Limited Tax) Bonds
(Nevada Municipal Bond Bank Project Nos. 72, 73, 74 and R-7)
Series February 1, 2002C
(* Preliminary, subject to change)

Selling: Tuesday, January 29, 2002
8:30 a.m. Pacific Standard Time for the 2002A Bonds
9:00 a.m. Pacific Standard Time for the 2002B Bonds and 2002C Bonds

State Treasurer's Offices
State of Nevada
Capitol Building, Suite 4
101 North Carson Street
Carson City, Nevada 89701-4786

Financial Advisors:

Howarth and Associates
750 East Warm Springs Road
Suite 290
Las Vegas, NV 89119
(702) 796-7080

Stifel, Nicolaus & Co., Inc.
Hanifen Imhoff Division
1125 17th Street, Suite 1600
Denver, CO 80202
(303) 291-5333

SUBSCRIBE!
For more information call: 1-800-982-0633

Copy

of

Advertisement

City and County of New York, ss.:-

Ricardo Rivera, being duly sworn, says that he is the Advertising Clerk of THE BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said THE BOND BUYER on

Ricardo Rivera

Advertising Clerk

Subscribed and sworn to before me this

23rd *day of* January 2002

Dawn Brown

Dawn Brown
Notary Public, State of New York
No. 01BR5021063
Qualified in Kings County
Commission Expires December 6, 2003

bcc: Ronald D. Walton
Lisa Lilly, Esq.
James G. Harlan (Claim No. 410-031241)
Robert Fisher

004600/00025

OFFICIAL BOND SALE NOTICE ADVERTISEMENTS

To place your Notice of Sale in The Bond Buyer, e-mail it to: nos@tfn.com (deadline one day prior to publication by 12noon EST). You may also fax your notice to (212) 843-9619 (deadline two days prior to publication by 12noon EST). Please remember to include on all transmissions your phone, fax number, specific billing instructions, and name and address for delivery of affidavit of publication. Your sales contacts for Notices of Sales are Matt Beh at (212) 803-8471 and Mark Hearon at (212) 803-8974. To place information only in the listings for Sealed Bids Invited, call Delia Payne at (212) 807-5114 or fax to (212) 989-8442.

$3,741,809

TOWN OF MOUNT PLEASANT, WESTCHESTER COUNTY, NEW YORK

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2002

SUMMARY NOTICE OF BOND SALE

Sealed proposals will be received and considered by the undersigned Supervisor of the Town of Mount Pleasant, Westchester County, New York, at the Offices of NYMAC, 76 North Broadway, Suite 4010, Hicksville, New York 11801, **until 11:00 o'clock A.M., Prevailing Time, on the 22nd day of January, 2002**, at which time and place the bids will be opened, for the purchase at not less than par and accrued interest of

$3,741,809 Public Improvement (Serial) Bonds, 2002, of said Town, dated January 1, 2002, and maturing in annual principal installments which, together with interest thereon, are expected to provide for substantially level or declining annual debt service on the bonds, as defined and described in paragraph d of Section 21.00 of the New York Local Finance Law as follows: $71,809 on February 1, 2003, $75,000 on February 1, 2004, $80,000 on February 1, 2005, $85,000 on February 1, 2006, $90,000 on February 1, 2007, $95,000 on February 1, 2008, $100,000 on February 1, 2009, $105,000 on February 1, 2010, $110,000 on February 1, 2011, $115,000 on February 1, 2012, $125,000 on February 1, 2013, $130,000 on February 1, 2014, $140,000 on February 1, 2015, $145,000 on February 1, 2016, $155,000 on February 1, 2017, $165,000 on February 1, 2018, $175,000 on February 1, 2019, $180,000 on February 1, 2020, $190,000 on February 1, 2021, $205,000 on February 1, 2022, $215,000 on February 1, 2023, $225,000 on February 1, 2024, $240,000 on February 1, 2025, $255,000 on February 1, 2026, and $270,000 on February 1, 2027. Interest on such bonds will be payable on August 1, 2002 and semi-annually thereafter on February 1 and August 1.

THE TOWN RESERVES THE RIGHT TO CHANGE THE TIME AND/OR DATE FOR THE OPENING OF BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED NOT LESS THAN 24 HOURS PRIOR TO THE TIME SET FORTH ABOVE FOR THE OPENING OF BIDS BY MEANS OF A SUPPLEMENTAL NOTICE OF SALE TO BE TRANSMITTED OVER TM3.

The bonds will be initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, and when issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York, which will act as securities depository for the bonds. The bonds may not be converted into coupon bonds or be registered to bearer.

Bonds maturing on or before February 1, 2011 are not subject to redemption prior to maturity. Bonds maturing on February 1, 2012 and thereafter are subject to redemption, at the option of the Town, prior to maturity, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after February 1, 2011, at a price equal to the par principal amount, plus accrued interest to the date of redemption.

Each bid must be for all of said $3,741,809 serial bonds and may state different rates of interest for bonds maturing in different calendar years; provided, however, that (i) only one rate of interest may be bid for bonds of the same maturity, (ii) the maximum difference between the highest and lowest rate of interest bid may not exceed one and one-half per centum per annum, (iii) variations in rates of interest so bid shall be in ascending progression in order of maturity so that the rate of interest on any single maturity of said bonds shall not be less than the rate of interest applicable to any prior maturity, and (iv) all rates of interest bid must be stated in a multiple of one-eighth or one-hundredth of one per centum per annum. Unless all bids are rejected, the award will be made to the bidder complying with the terms of sale and offering to purchase said bonds at such rate or rates of interest as will produce the lowest net interest cost computed in accordance with the net interest cost method of calculation, that being the rate or rates of interest which will produce the least interest cost over the life of the bonds, after accounting for the premium offered, if any; provided, however, that the Town reserves the right, in its sole discretion, after selecting the low bidder, to adjust the aforestated maturity installments to the extent necessary to meet the requirements of substantially level or declining debt service. Any such adjustment by the Town shall be conclusive and shall be binding upon the successful bidder. If two or more such bidders offer to purchase the bonds at the same net interest cost, computed as described above, the bonds will be awarded to the bidder whose bid offers to purchase the bonds at the highest premium dollar amount. The right is reserved to reject any or all bids, and any bid not complying with this Notice of Sale will be rejected. Each bid must be enclosed in a sealed envelope addressed to the undersigned Supervisor, and should be marked on the outside "Proposal for Bonds".

As a condition precedent to the consideration of his proposal, a good faith deposit (the "Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of $74,836 payable to the order of the Town of Mount Pleasant is required for each bid to be considered. If a check is used, it must be drawn upon an incorporated bank or trust company to the order of the Town of Mount Pleasant, New York, and must accompany the bid. If a surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of New York, the claims paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, and such bond must be submitted to the Town of Mount Pleasant or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the bonds are to be awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit its Deposit to the Town in the form of a certified or cashier's check or a wire transfer in such amount, as instructed by the Town or its Financial Advisor, not later than 3:00 o'clock P.M. (Prevailing Time) on the next business day following the award. If such deposit is not received by that time, the financial surety bond may be drawn by the Town to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds.

If the bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the bonds resulting by reason of the same shall be paid by such bidder. Any failure of the bonds to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the bonds to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract.

The bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

The purchaser will be furnished without cost, the unqualified legal opinion as to the validity of the bonds of Willkie Farr & Gallagher, New York, New York, Bond Counsel.

For further information regarding the bonds and to obtain copies of the complete Notice of Bond Sale, Bid Form, and the Preliminary Official Statement of the Town, please contact NYMAC, telephone (516) 938-6644; telecopier (516) 938-6684.

Dated: Valhalla, New York,
January 14, 2002.

Robert L. Meehan
Supervisor

SUMMARY NOTICE OF BOND SALE

$27,800,000

The Board of Education of the County of Berkeley West Virginia

Public School Bonds, Series 2002

SEALED BIDS will be received on behalf of The Board of Education of the County of Berkeley, West Virginia (the "Board") until 12:00 NOON (Eastern Standard Time) on Wednesday,

January 30, 2002

At the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia, 25301, for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of $27,800,000, The Board of Education of the County of Berkeley, West Virginia, Public School Bonds, Series 2002, provided, however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least 24 hours prior to any change in the sale date. The Bonds are payable on

May 1 in each year as follows:

Year	Principal Amount	Year	Principal Amount
2003	$1,015,000	2010	$1,840,000
2004	1,390,000	2011	1,925,000
2005	1,455,000	2012	2,015,000
2006	1,525,000	2013	2,110,000
2007	1,600,000	2014	2,210,000
2008	1,675,000	2015	2,315,000
2009	1,755,000	2016	2,425,000
		2017	2,545,000

The Bonds maturing after May 1, 2012 are subject to redemption prior to maturity at the option of the Board. The Bonds will be general obligations of the Board and the full faith and credit of the Board and will be pledged for payment of the principal and interest thereon. The approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of $5,000 and multiples of $5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

A complete copy of the Official Notice of Sale and Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301, telephone (304) 345-3421.

By Order of the Board of Education

of the County of Berkeley, West Virginia

January 16, 2002

OFFICIAL NOTICE OF SALE

$810,000

NERRETER AND COLE AND BRANCHES DRAIN DRAINAGE DISTRICT

COUNTY OF SAGINAW, STATE OF MICHIGAN

NERRETER AND COLE AND BRANCHES DRAIN BONDS, SERIES 2002

SEALED BIDS for the purchase of the above bonds will be received by the undersigned at the office of the Saginaw County Public Works Commissioner, 111 S. Michigan Avenue, Saginaw, Michigan, on **Wednesday, the 23rd day of January, 2002,** until 11:00 o'clock, A.M., Eastern Standard Time, at which time and place said bids will be publicly opened and read.

IN THE ALTERNATIVE: Sealed bids will also be received on the same date and until the same time by an agent of the undersigned at the office of the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226, where they will be publicly opened and read. Bids opened at Detroit, Michigan will be read first. Bidders may choose either location to present bids and good faith checks, but may not present bids at both locations.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of $5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated January 1, 2002, and will bear interest from their date payable on December 1, 2002, and semi-annually thereafter.

Said bonds will mature on the first day of June as follows:

Year	Principal Amount	Year	Principal Amount
2003	$50,000	2011	$55,000
2004	50,000	2012	55,000
2005	50,000	2013	55,000
2006	55,000	2014	55,000
2007	55,000	2015	55,000
2008	55,000	2016	55,000
2009	55,000	2017	55,000
2010	55,000		

PRIOR REDEMPTION: Bonds maturing on and after June 1, 2011, shall be subject to redemption prior to maturity, at the option of the Drainage District, in any order, on any one or more interest payment dates on and after June 1, 2010. Bonds of a denomination greater than $5,000 may be redeemed in part in amounts of $5,000 or any integral multiple thereof. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption.

Not less than thirty days notice of redemption shall be given by mail to the registered owner at the registered address. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar and paying agent to redeem the same.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 8% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The interest rate borne by bonds maturing in any year shall be equal to or greater than the interest rate borne by the bonds maturing in the preceding year. No proposal for the purchase of less than all of the bonds or at a price less than 99% of their par value will be considered.

BOOK-ENTRY-ONLY: The bonds will be issued in book-entry-only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of Standard Federal - Corporate and Institutional Trust, a division of LaSalle Bank National Association, Troy, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants. The Drainage District may from time to time as required designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 40, Public Acts of Michigan, 1956, as amended, to defray part of the cost of constructing improvements to the Nerreter and Cole and Branches Drain. The bonds are to be issued in anticipation of, and are primarily payable from, collections of special assessments assessed against public corporations and property in the Drainage District. The full faith and credit of the Drainage District have been pledged for the making of said payments.

FULL FAITH AND CREDIT OF COUNTY: Pursuant to a resolution adopted by its Board of Commissioners, the County of Saginaw has pledged its full faith and credit as additional security for the payment of the principal of and interest on the bonds. In the event and to the extent that moneys required to pay such principal and interest are not collected from the aforementioned special assessments, the county will advance from its general fund moneys sufficient to pay such principal and interest. The county's ability to raise such funds is subject to constitutional limitations on the taxing power of the county.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a Financial Surety Bond in the amount of $8,100 and payable to the order of the Treasurer of the County of Saginaw must accompany each bid as a guarantee of good faith on the part of the bidder, to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such bond must be submitted to the Drainage District or the Municipal Advisory Council of Michigan prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then the purchaser (the "Purchaser") is required to submit its good faith deposit to the Drainage District in the form of a cashier's check (or wire transfer such amount as instructed by the Drainage District) not later than Noon, Eastern Standard Time, on the next business day following the award. If such good faith deposit is not received by that time, the Financial Surety Bond may be drawn by the Drainage District to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the bonds. In the event the Purchaser fails to honor its accepted bid, the good faith deposit will be retained by the Drainage District. No interest shall be allowed on the good faith checks and checks of the unsuccessful bidders will be promptly returned to each bidder's representative or by overnight courier service. The good faith check of the successful bidder will be immediately cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest interest cost computed by determining at the rate or rates specified in the bid, the total dollar value of all interest on the bonds from February 1 , 2002 to their maturity after adding thereto any discount and deducting therefrom any premium.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, a copy of which opinion will be printed on the reverse side of each bond, and the original of which will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion of bond counsel will include an opinion to the effect that under existing law, the interest on the bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; such opinion will note, however, that certain corporations must take into account interest on the bonds in determining adjusted current earnings for the purpose of computing such alternative minimum tax. The opinion set forth in clause (a) above will be subject to the condition that the Drainage District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be included in gross income retroactive to the date of issuance of the bonds. The Drainage District has covenanted to comply with all such requirements. Bond counsel will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Drainage District has not designated the bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code.

The successful bidder will be required as a condition of delivery of the bonds, to certify the "issue price" of the bonds within the meaning of Section 1273 of the Code. In addition, if the successful bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance, the successful bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion of bond counsel will include an opinion to the effect that under existing law, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

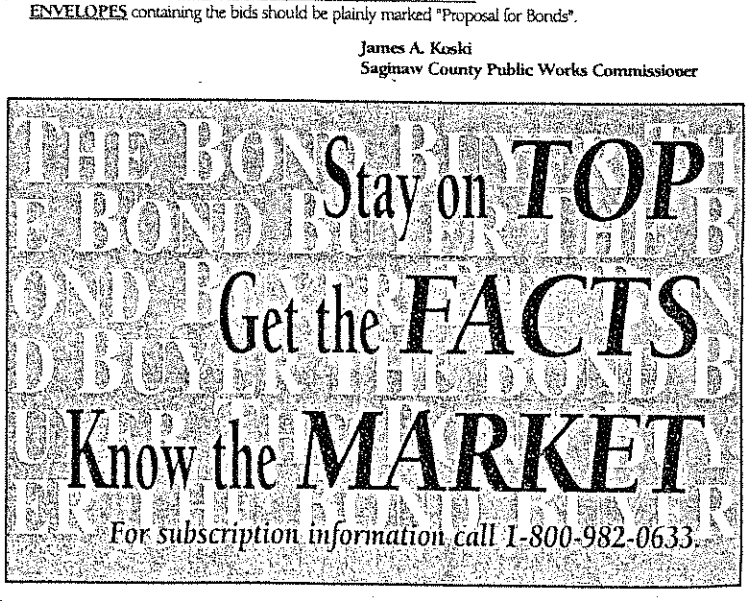
CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the issuer's expense. Neither the failure to print numbers nor an improperly printed number will constitute basis for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for the payment of any charges for the assignment of numbers.

DELIVERY OF BONDS: The Drainage District will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC, New York, New York. The usual closing documents including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, Eastern Standard Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw his proposal by serving notice of cancellation, in writing, on the undersigned, in which event the Drainage District shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Bonds".

James A. Koski
Saginaw County Public Works Commissioner



OFFICIAL NOTICE OF SALE
$27,800,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF BERKELEY, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 2002

Sealed proposals will be received on behalf of The Board of Education of the County of Berkeley(West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Standard Time on January 30, 2002, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the $27,800,000 Public School Bonds, Series 2002 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on May 1 in the years and in the amounts as follows:

Year	Principal Amount
2003	$1,015,000
2004	1,390,000
2005	1,455,000
2006	1,525,000
2007	1,600,000
2008	1,675,000
2009	1,755,000
2010	1,840,000
2011	1,925,000
2012	2,015,000
2013	2,110,000
2014	2,210,000
2015	2,315,000
2016	2,425,000
2017	2,545,000

The 2002 Series A Bonds maturing on and after May 1, 2013, are subject to redemption, on or after May 1, 2012, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2012 to April 30, 2013	101%
May 1, 2013 and thereafter	100%

In the event of such optional redemption, the Issuer may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Berkeley County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds when due.

The Bonds will be dated February 1, 2002, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for payment of the Bonds and United National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from February 1, 2002, and will be payable November 1, 2002, and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Mr. Manuel P. Arvon, II, Superintendent of Schools of the County of Berkeley, delivered to the address shown in the first paragraph in this Notice of Sale, and marked on the outside in substance "Proposal for Bonds". Each proposal must state the amount bid for the Bonds (not less than $27,800,000) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must not state (a) any interest rate which is in excess of 7.25% per annum, (b) more than one interest rate for any Bonds having like maturity, (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), nor (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds ($556,000), payable to the order of The Board of Education of Berkeley County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as part payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

As an alternative to delivering a good faith check as described above, a bidder may enclose with its bid a financial surety bond in the amount of $556,000 issued by an insurance company, the claims paying ability of which is rated AAA by Standard and Poor's Rating Group and is licensed to issue such a bond in the State of West Virginia, naming the Board as beneficiary (a "Surety Bond"). The Surety Bond will identify the bidder whose deposit is guaranteed by the Surety Bond. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the Board $556,000 in immediately available funds not later than 12:00 noon (Eastern Standard Time) on the next business date succeeding the date of award of the Bonds. In the event that the Board has not received such federal funds wire by the time stated, the Board may draw upon the Surety Bond to satisfy the successful bidder's deposit requirement.

Unless it rejects all proposals for the Bonds (which right is hereby retained), the Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Bonds at the lowest cost, and the right to purchase the Bonds will be awarded to such successful bidder. Such cost under each proposal will be determined by computing the total amount of interest payable on the Bonds, at the rates stated in such proposal, from February 1, 2002, until their respective maturities and deducting therefrom the sum (if any) by which the amount bid for the bonds in such proposal exceeds the principal amount of the Bonds. If there be more than one such proposal making such offer at the same lowest cost, the Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest cost.

The Bonds will be delivered upon payment of the balance of the purchase price, including accrued interest, in Federal Funds payable to the order of "The Board of Education of the County of Berkeley, West Virginia". The Bonds will be delivered on or about February 12, 2002, at such place in the City of New York, New York and on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes and is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Berkeley County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the

Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Mr. Manuel P. Arvon, II, Superintendent, Berkeley County Board of Education, 401 S. Queen St., Martinsburg, West Virginia 25401 (phone: 304/267-3500) or from Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: /s/ Manuel P. Arvon, II
Secretary, The Board of Education of the County of Berkeley

DATE: January 16, 2002

OFFICIAL FORM OF PROPOSAL

DATE : January 30, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $_____ plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000		2010	$1,840,000	
2004	1,390,000		2011	1,925,000	
2005	1,455,000		2012	2,015,000	
2006	1,525,000		2013	2,110,000	
2007	1,600,000		2014	2,210,000	
2008	1,675,000		2015	2,315,000	
2009	1,755,000		2016	2,425,000	
			2017	2,545,000	

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale.

_____ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: _____

By: _____ Telephone: _____

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$_____
Less Premium	-$_____
Net Interest Cost	$_____
Rate of Net Interest Cost	_____ %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

$27,800,000

The Board of Education of the County of Berkeley
Public School Bonds, Series 2002
Bid Verification Results

NIC BID RANKINGS

BID	NIC	TIC	PAR	Total Interest
ABN AMRO Financial Services	4.5147159%	4.4781946%	27,800,000.00	11,543,676.98
Ferris, Baker Watts, Inc.	4.5593228%	4.5028120%	27,800,000.00	11,657,732.59
Crews & Associates	4.5690029%	4.4871089%	27,800,000.00	11,682,483.43
UBS Paine Webber	4.5734290%	4.5281260%	27,800,000.00	11,693,800.60
Stephens Inc.	4.5814350%	4.4979199%	27,800,000.00	11,714,271.03

OFFICIAL FORM OF PROPOSAL

DATE : January 30, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $ 1847.15 plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000	3.0	2010	$1,840,000	4.125
2004	1,390,000	3.0	2011	1,925,000	4.30
2005	1,455,000	3.0	2012	2,015,000	4.35
2006	1,525,000	3.75	2013	2,110,000	4.375
2007	1,600,000	4.0	2014	2,210,000	4.50
2008	1,675,000	4.0	2015	2,315,000	5.0
2009	1,755,000	4.125	2016	2,425,000	5.0
			2017	2,545,000	5.0

Paul Muller

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale.

✓ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: ABN AMRO FINANCIAL SERVICES, INC

By: Judy Seidel Telephone: (212) 409-7007

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

FGIC INSURED

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$ 11,545,524.06
Less Premium	-$ 1847.15
Net Interest Cost	$ 11,543,676.91
Rate of Net Interest Cost	4.5147 %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

DATE : January 30, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $ 192,828.70 plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000	3.25	2010	$1,840,000	4.125
2004	1,390,000	3.25	2011	1,925,000	4.25
2005	1,455,000	3.625	2012	2,015,000	4.3
2006	1,525,000	3.75	2013	2,110,000	5.0
2007	1,600,000	4.0	2014	2,210,000	5.0
2008	1,675,000	4.0	2015	2,315,000	5.0
2009	1,755,000	4.125	2016	2,425,000	5.0
			2017	2,545,000	5.0

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale.

_____ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: Carol Conyers o

By: Carol Conyers o Telephone: 410-230-3566

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$ 11,850,561.25
Less Premium	-$ 192,828.20
Net Interest Cost	$ 11,657,733.05
Rate of Net Interest Cost	4.559323 %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

DATE : January 30, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $ 427,019.70 plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000	3.00	2010	$1,840,000	4.625
2004	1,390,000	3.00	2011	1,925,000	4.75
2005	1,455,000	3.00	2012	2,015,000	5.00
2006	1,525,000	3.35	2013	2,110,000	5.00
2007	1,600,000	4.00	2014	2,210,000	5.00
2008	1,675,000	4.00	2015	2,315,000	5.00
2009	1,755,000	4.25	2016	2,425,000	5.00
			2017	2,545,000	5.00

We have enclosed (please check one):

✓ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale.

____ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: Crews & Associates, Inc.

By: Gregory B. Isaacs GBI Telephone: 304-344-1733

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$ 12,109,503.13
Less Premium	-$ 427,019.70
Net Interest Cost	$ 11,682,483.43
Rate of Net Interest Cost	4.56900 %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

30

DATE : January 25, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January 16, 2002 which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $ 25,401.90 plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000	3.0	2010	$1,840,000	4.10
2004	1,390,000	3.25	2011	1,925,000	4.20
2005	1,455,000	3.25	2012	2,015,000	4.35
2006	1,525,000	3.25	2013	2,110,000	5.0
2007	1,600,000	3.60	2014	2,210,000	5.0
2008	1,675,000	3.75	2015	2,315,000	5.0
2009	1,755,000	4.00	2016	2,425,000	5.0
			2017	2,545,000	5.0

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale

✓ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: UBS/Payne Webber Inc. FAX – 212-969-7795

By: Michael Grimm C.V.P. Telephone: 212-713-2898 x For Bid

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$ 11,719,202.50
Less Premium	-$ 25401.90
Net Interest Cost	$ 11,693,800.60
Rate of Net Interest Cost	4.573142 %

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

FGIC INSURED

OFFICIAL FORM OF PROPOSAL

DATE : January 23, 2002

Mr. Manuel P. Arvon, II, Superintendent
The Board of Education of
the County of Berkeley, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated January, which are hereby made part of this bid, we offer to purchase all of the $27,800,000 The Board of Education of the County of Berkeley (West Virginia), Public School Bonds, Series 2002, described in said Official Notice of Sale, for the price of $27,800,000 plus a premium of $544,100.85 plus accrued interest from February 1, 2002, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

Maturing May 1	Principal Amount	Interest Rate (%)	Maturing May 1	Principal Amount	Interest Rate(%)
2003	$1,015,000	4%	2010	$1,840,000	4.50
2004	1,390,000	4	2011	1,925,000	4.50
2005	1,455,000	4	2012	2,015,000	5.00
2006	1,525,000	4	2013	2,110,000	5.00
2007	1,600,000	4.25	2014	2,210,000	5.00
2008	1,675,000	4.25	2015	2,315,000	5.00
2009	1,755,000	4.50	2016	2,425,000	5.00
			2017	2,545,000	5.00

We have enclosed (please check one):

_____ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Berkeley (West Virginia), for $556,000, which check is to be applied in accordance with said Official Notice of Sale

✓ A surety bond in the amount of $556,000 in accordance with the Official Notice of Sale.

Name of Bidder: Stephens Inc.

By: Dennis Clay Telephone: 501 377 2370

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

♦♦♦♦♦

The foregoing proposal is hereby accepted this _____ day of _____, 2001

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By: _____

♦♦♦♦♦

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	$ 12,258,371.88
Less Premium	-$ 544,100.85
Net Interest Cost	$ 11,714,271.03
Rate of Net Interest Cost	4.581435%

♦♦♦♦♦

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

The Board of Education of the
County of Berkeley (West Virginia)
$27,800,000 Public School Bonds, Series 2002

[Name of Issuer]

February 1, 2002
[Date]

Underwriting Department—Eligibility
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

The Board of Education of the
County of Berkeley ~~(West~~ Virginia)
(Issuer)

By: _____
(Authorized Officer's Signature)

Dr. William F. Queen
(Print Name)

401 S. Queen Street
(Street Address)

Martinsburg WV 25401
(City) (State) (Zip Code)

(304) 267-3500
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

P-2487 04/99

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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, but Beneficial Owners are 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 Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to [Tender/Remarketing] Agent's DTC account.]

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

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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

State of West Virginia

OFFICE OF THE STATE TREASURER
CHARLESTON, WV 25305

JOHN D. PERDUE
STATE TREASURER

JERRY SIMPSON
ASSISTANT STATE TREASURER

1-800-422-7498
304-558-5000
FAX 304-558-4097
WWW.WVTREASURY.COM

January 10, 2002

Ms. Marie L. Prezioso
Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, West Virginia 25301

RE: $27,800,000 The Board of Education
County of Berkeley (West Virginia),
Public School Bonds, Srs. 2002

Dear Ms. Prezioso:

Please be advised that in conjunction with the above captioned bond issue, United National Bank, Charleston, West Virginia is hereby designated as registrar. Also, please be advised that the West Virginia Municipal Bond Commission will serve as paying agent for this issue.

If there are any questions concerning this designation, please feel free to contact me at (304) 558-5000.

Sincerely,

John D. Perdue
Treasurer

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$27,800,000
THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2002

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of February 12, 2002, by and between THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY (West Virginia), a public corporation of the State of West Virginia (the "Issuer"), and UNITED NATIONAL BANK, Charleston, West Virginia, a national banking association (the "Bank"), as Registrar under a Resolution and Order Directing Issuance of Bonds of the Issuer adopted October 16, 2001, as supplemented and amended (the "Resolution").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $27,800,000 aggregate principal amount of Public School Bonds, Series 2002, in fully registered form (the "Bonds"), pursuant to the Resolution;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Agreement does appoint the Bank to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the

powers and duties of Registrar as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement and the Resolution, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The Board of Education of the
County of Berkeley
401 South Queen Street
Martinsburg, West Virginia 25401
Attention: President

BANK: United National Bank
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Trust Officer

8. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY and UNITED NATIONAL BANK have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE BOARD OF EDUCATION OF THE COUNTY OF BERKELEY

By _____
Its: President

UNITED NATIONAL BANK

By _____
Its: Vice President and Trust Officer

02/04/02
067600.00002

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: February 12, 2002

(See Reverse for Instructions)

ISSUE: The Board of Education of the County of Berkeley (West Virginia)

ADDRESS: 410 South Queen Street, Martinsburg, West Virginia 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: February 12, 2002

CLOSING DATE: February 12, 2002

ISSUE AMOUNT: $ 27,800,000

RATE: see attached

1ST DEBT SERVICE DUE: November 1, 2002

1ST PRINCIPAL DUE: May 1, 2003

1ST DEBT SERVICE AMOUNT: $ 884,040.94

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: United National Bank
Contact Person: Kathy Smith
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Kerry Marshall
Position: General Manager
Phone: (304) 547-5133

OTHER: Ferris, Baker Watts, Inc. (Financial Advisor)
Contact Person: Marie Prezioso
Function: Sr. Vice President
Phone: (304) 345-3421

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
X Check

X Accrued Interest: $ 36,016.48
___ Capitalized Interest: $ _____
___ Reserve Account: $ _____
___ Other: $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

___ To Escrow Trustee: $ _____
___ To Issuer $ _____
___ To Cons. Invest. Fund $ _____
___ To Other: $ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH502735.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

ACCOUNT NUMBER INVOICE / PO NUMBER	AMOUNT	DISCOUNT	PAID
31.00000.96121.932.001.0000.0000.00			
02-11-02	36,016.48		36,016.48
Vendor 51600 Voucher 00999 2/11/02	20002	Check Total	36,016.48

BERKELEY COUNTY
BOARD OF EDUCATION
401 SOUTH QUEEN STREET
MARTINSBURG, WV 25401

Citizens National Bank
Berkeley Springs, WV 25411

69-435
522

CHECK NO. 20002

BOND CONSTRUCTION FUND - ACCOUNTS PAYABLE

DATE	CHECK AMOUNT
2/11/02	$36,016.48

VOID AFTER 90DAYS

PAY EXACTLY 36,016 DOLLARS AND 48 CENTS

TO THE ORDER OF
MUNICIPAL BOND COMMISSION
SUITE 500
8 CAPITAL ST
CHARLESTON WV 25301

PRESIDENT

SUPERINTENDENT

TREASURER

⑈20002⑈ ⑆052204359⑆ 000810066 1⑈

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 1 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

February 8, 2002

Secretary of State

CHAPTER 13.
PUBLIC BONDED INDEBTEDNESS.

Article

1. Bond Issues for Original Indebtedness.
2. Refunding Bonds.
2A. Revenue Bond Refinancing.
2B. Validation.
2C. Industrial Development and Commercial Development Bond Act.
2D. Airport Development Bond Act.
2E. Revenue Bond Refunding Act.
2F. Public Obligations Registration Act.
2G. State Refunding Bond Act.
3. Municipal Bond Commission.

W. Va. Law Quarterly. — For discussion of Act of 1917, from which a part of this chapter derives, see 27 W. Va. L.Q. 84.

ARTICLE 1.
BOND ISSUES FOR ORIGINAL INDEBTEDNESS.

Sec.

13-1-1. Political divisions authorized to issue and sell bonds.
13-1-1a. Exemption from interest rate ceilings.
13-1-2. Purposes for which bonds may be issued.
13-1-3. Amount and purpose of indebtedness for which bonds may be issued.
13-1-4. Bond issue proposal to be submitted to voters; election order.
13-1-5. Engineer's estimate.
13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.
13-1-6a. When proceeds of bond issue specified for one project may be used for another project.
13-1-7. When election to be held.
13-1-8. Publication of notice of election.
13-1-9. Registration of voters.
13-1-10. Election precincts.
13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.
13-1-12. Form of ballot.
13-1-13. Time and manner of canvassing returns.

Sec.

13-1-14. Resolution authorizing issuance and fixing terms of bonds.
13-1-15. Bonds to be payable in annual installments.
13-1-15a. Bonds may be subject to redemption.
13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.
13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.
13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.
13-1-19. Signing, sealing and delivery of bonds and coupons.
13-1-20. Imposition and collection of tax to pay bonds and interest.
13-1-21. Advertisement and sale of bonds.
13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.
13-1-23. No law, order, ordinance, resolution, proceeding or publication neces-

Sec.
sary except as prescribed by this article.
13-1-24. Legal status of bonds.
13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.
13-1-26. Review in supreme court of appeals of action of attorney general.
13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.
13-1-28. Indorsement on bonds by attorney general.
13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.
13-1-30. Files and records to be kept by attorney general.
Sec.
13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred.
13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article.
13-1-33. Bonds exempt from taxation.
13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value.
13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same.

Michie's Jurisprudence. — Power of municipalities to incur and pay debts, borrow money and issue bonds; Municipal Corporations, (mun. corp.) §§ 31-40.

Power of counties to do likewise; Counties, (count.) §§ 62, 63, 69-78.

W. Va. Law Review. — For note, "Municipal Bonds — The Need for Disclosure," see 78 W. Va. L. Rev. 391 (1976).

"Survey of Developments in West Virginia Law: 1985," 88 W. Va. L. Rev. 443 (1985).

This article was not repealed by § 11-8-1 et seq. — See Walker v. City of Charleston, 116 W. Va. 645, 182 S.E. 766 (1935).

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§ 13-1-1. Political divisions authorized to issue and sell bonds.

Any county, by and through its county court, either for and on behalf of the county or for and on behalf of any magisterial district, or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may issue and sell its bonds, in the manner and subject to the limitations and conditions hereinafter contained in this article. (1923, c. 14, § 1.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Intergovernmental agreement. — A provision of an intergovernmental agreement signed by three counties, when read in conjunction with existing statutory law, provided sufficient legal authority for the three participating counties to issue general obligation bonds to build a regional jail. Op. Att'y Gen., Sept. 9, 1983, No. 19.

Cited in Vineyard v. Roane County Court, 92 W. Va. 51, 114 S.E. 380 (1922); State ex rel. Horne v. Adams, 154 W. Va. 269, 175 S.E.2d 193 (1970).

§ 13-1-1a. Exemption from interest rate ceilings.

Notwithstanding any other provision in this Code to the contrary, any municipality, county or state agency shall be free of interest rate restrictions when obtaining loans from the farmers home administration, housing and urban development and the economic development authority where such loans are made from federal moneys and are made for public projects. It is the intention of the legislature that the political subdivisions of this State take maximum possible advantage of federal programs and financing alternatives where such would be in the best interests of this State. (1982, c. 93.)

§ 13-1-2. Purposes for which bonds may be issued.

Debt may be incurred and bonds issued under this article for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking, or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work, improvement or department, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, or for other similar corporate purpose, for which the political division is authorized to levy taxes or expend public money. But no bonds shall be issued for the purpose of providing funds for the current expenses of any body or political division. Interest accruing during the construction period, that is to say, the time when an improvement is under construction and six months thereafter, shall be deemed a part of the cost of the improvement, and shall not be deemed current expenses. All engineering and inspection costs, including a proper proportion of the compensation, salaries and expenses of the engineering staff of the political division properly chargeable to any work or improvements, as determined by the governing body, or the estimated amount of such costs, shall be deemed part of the cost of an improvement. All costs and estimated costs of the issuance of bonds shall be deemed a part of the cost of the work or improvement, or of the property, or of the carrying out of the purposes for which such bonds are to be issued. The power to acquire or construct any building, work or improvement as herein provided shall be deemed to include the power to acquire the necessary lands, sites and rights-of-way therefor.

Bonds may also be issued by any municipality having a population of fifty thousand or more or by any county for the purpose of acquiring land and constructing a building or buildings for use and occupancy as a college. The proposal for such a bond issue shall contain a provision that there shall be created a commission or committee for the purpose of operating the building or buildings and for renting the same for an amount sufficient to pay the interest and sinking fund on the bonds proposed to be issued, and shall contain a further provision that in the event a sufficient amount is not realized from rent or rents for the purpose of meeting the debt service, then the city or county shall lay a levy for such purpose in an amount sufficient within the constitu-

tional and statutory limitation to pay the interest and principal on such bonds as the same become due and payable. The proposal may also contain a provision that when the bonds and the interest thereon shall have been paid, then the title to the land and the building or buildings situated thereon may be transferred to the college to which the same have been rented. (1923, c. 14, § 2; 1941, c. 8; 1945, c. 17; 1974, c. 8.)

Cross references. — Political divisions authorized to issue and sell bonds, § 13-1-1.

Amount of the indebtedness for which bonds may be issued, § 13-1-3.

Purposes for which proceeds to be used, § 13-1-22.

Editor's notes. — Acts 1911, c. 38, § 25a, authorizing the bonding of a magisterial district for the construction of roads therein, did not contemplate bridges over large streams as a part of public roads; and it was held that an issue of magisterial district bonds under Acts 1911, c. 38, § 25a, not solely for the construction of roads in the district, but largely for the construction or purchase of bridges therein exceeding five feet in length, was illegal and void. See Hedrick v. County Court, 71 W. Va. 732, 77 S.E. 359 (1913).

In general. — It was said in the case of Pfalzgraf v. County Court, 73 W. Va. 723, 81 S.E. 397 (1914), that the section authorizing the issuance of bonds for road improvement did not impliedly repeal Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein.

Bonds must be for municipal uses. — Under Acts 1872, c. 141, § 1, which has been superseded and in some respects modified radically by this section, it was held that it was not the intention of the legislature to authorize and empower cities, towns, or municipal corporations to issue bonds for purposes other than municipal or corporate uses. Ohio Valley Iron Works v. Town of Moundsville, 11 W. Va. 1 (1877).

Interest payment. — Section specifically authorizes the use of bond proceeds to pay any interest accruing during construction or six months thereafter. Op. Att'y Gen., Aug. 2, 1978.

Refund of bond proceeds or reduction in tax levy prohibited until sufficient funds on deposit. — Where in order to meet interest obligations due on bonds prior to first levy of taxes for payment of their principal and interest, county school board forwarded portion of bond proceeds to municipal bond commission, and subsequently tax collections exceeded the amount necessary to meet present principal and interest payments and would be sufficient to pay future obligations, the municipal bond commission could not refund any part of bond proceeds forwarded to the commission by the county board of education nor reduce the taxes to be levied below that sum required by § 13-1-34 until such time as sufficient funds were on deposit with the commission to pay interest accruing in all subsequent years and to retire the bonds; however, after retirement of all bonds, any balance in the account could be refunded. Op. Att'y Gen., Aug, 2, 1978.

Courthouse. — As to financing of new courthouses, see 45 Op. Att'y Gen. 409 (1953).

Dam. — Where a proposed multiple purpose dam will be constructed, operated and owned by the federal government, which will purchase the property necessary for such project along with any easements and rights-of-way which are needed, the project, upon completion, will not be the property of the county; hence, under the provisions of this chapter, a county court (now county commission) cannot be authorized to issue and sell its general obligation bonds therefor. 47 Op. Att'y Gen. 234 (1957).

School textbooks. — A county board of education is not authorized to incur indebtedness by the issuance of general obligation bonds for the purpose of purchasing school textbooks for students. 51 Op. Att'y Gen. 323 (1965).

Cited in State ex rel. Pardue v. County Court, 105 W. Va. 235, 141 S.E. 874 (1928).

§ 13-1-3. Amount and purpose of indebtedness for which bonds may be issued.

No political division authorized by this article to issue bonds, except county boards of education, shall by any bond issue, become indebted to an amount, including all other indebtedness, exceeding two and one-half percent of the value of the taxable property therein, as shown by the last assessment thereof, for state and county purposes, next prior to the issuing of such bonds: Provided, that any county for the erection and equipment of a courthouse

and/or jail for such county, with funds borrowed from the government of the United States or any governmental agency, federal or state, and any municipal corporation of three hundred inhabitants or more, for the purpose of grading, paving, sewering, and otherwise improving or reimproving its streets and alleys, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theatres, may become indebted and issue bonds in an additional sum not exceeding two and one-half percent of the value of the taxable property therein, ascertained as aforesaid: Provided, however, That no county board of education authorized by this article to issue bonds, shall, by any bond issue, become indebted, in any manner, or for any purpose, to an amount, including all other indebtedness, in the aggregate, exceeding five percent on the value of the taxable property therein, in the county school district to be ascertained by the last assessment for state and county taxes, previous to the incurring of such indebtedness, in the manner provided by the "School Bond Amendment," as ratified.

The term "sewering" as used herein shall be treated in a comprehensive sense, so as to include all mains, laterals, connections, traps, incinerating and disposal plants, and other necessary and convenient accessories to a modern sanitary and efficient sewerage system and shall include storm sewers.

The county court of any county is hereby authorized and empowered to negotiate and sell to the government of the United States or to any governmental agency, federal or state, at private sale, at not less than par any bonds issued for the purpose of erecting and equipping a courthouse or other public buildings for such county, under and by virtue of this article, without first offering them for sale at public auction, or to any other person or agency. (1923, c. 14, § 3; 1925, c. 42; 1927, c. 58; 1931, c. 36; 1935, c. 21; 1941, c. 8; 1945, c. 17; 1951, c. 153; 1974, c. 8.)

Cross references. — Tax limitation amendments, W. Va. Const., art. X, § 1.

Statutory provisions enacted pursuant to constitutional tax limitation, § 118-1-1 et seq.

Certain bond issues to which this section is inapplicable, § 11-8-16.

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Constitutionality. — A similar act, Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein was held not to be in conflict with W. Va. Const., art. X, § 8. Pfalzgraf v. Wood County Court, 73 W. Va. 723, 81 S.E. 397 (1914). See also Sanders v. County Court, 115 W. Va. 187, 174 S.E. 878 (1934), holding that constitutional and statutory limitations on the indebtedness of distinct political divisions apply distributively and not collectively.

No obligation in excess of legally available revenue. — Obligations of political divisions of a state may not be incurred in excess of the legally available revenue derived from taxes raised by valid levies or from other legally authorized sources. State ex rel. County Court v. Partlow, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Cited in Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-4. Bond issue proposal to be submitted to voters; election order.

No debt shall be contracted or bonds issued under this article until all questions connected with the same shall have been first submitted to a vote of the qualified electors of the political division for which the bonds are to be issued, and shall have received three fifths of all the votes cast for and against the same. The governing body of any political division referred to in this article may, and when requested so to do by a petition in writing, praying that bonds be issued and stating the purpose and amount thereof, signed by legal voters of the political division equal to twenty percent of the votes cast in a county or magisterial district for governor, or in a municipal corporation or school district for mayor or members of the board of education, as the case may be, shall, by order entered of record, direct that an election be held for the purpose of submitting to the voters of the political division all questions connected with the contracting of debt and the issuing of bonds. Such order shall state:

(a) The necessity for issuing the bonds, or, if a petition has been filed as provided herein, that such petition has been filed;

(b) If for the construction of a county-district road or bridge thereon, a summary of the engineer's report provided for in the following section [§ 13-1-5] setting forth the approximate extent and the estimated cost of the proposed improvement, and the kind or class of work to be done thereon;

(c) Purpose or purposes for which the proceeds of bonds are to be expended;

(d) Valuation of the taxable property as shown by the last assessment thereof for state and county purposes;

(e) Indebtedness, bonded or otherwise;

(f) Amount of the proposed bond issue;

(g) Maximum term of bonds and series;

(h) Maximum rate of interest;

(i) Date of election;

(j) If a special election, names of commissioners for holding same;

(k) If registration of voters is necessary, notice of the time, place and manner of making same;

(*l*) That the levying body is authorized to lay a sufficient levy annually to provide funds for the payment of the interest upon the bonds and the principal at maturity, and the approximate rate of levy necessary for this purpose;

(m) In the case of school bonds, that such bonds, together with all existing bonded indebtedness, will not exceed in the aggregate five percent of the value of the taxable property in such school district ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable from a direct annual tax levied and collected in each year on all taxable property in such school district sufficient to pay the principal and the interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property in section 1, article X of the Constitution, but in the same proportions as such maximum rates are

levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution.

Any other provision which does not violate any provision of law, or transgress any principle of public policy, may be incorporated in the order. (1923, c. 14, § 4; 1951, c. 153; 1959, c. 132.)

Cross references. — Certain bond issues to which this section is inapplicable, § 11-8-16.

Constitutionality. — That West Virginia has adopted a rule of decision in W. Va. Const., art. X, §§ 1 and 8, and in this section, § 13-1-14 and § 11-8-16, applicable to all bond referenda and increases in taxes, by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

The supreme court of the United States in Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional W. Va. Const., art. X, §§ 1 and 8, and § 11-8-16, this section, and § 13-1-14, because violative of the equal protection clause of the Constitution of the United States. State ex rel. Heavener v. Perry, 155 W. Va. 353, 184 S.E.2d 136 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax increases for any purpose, whether for schools, sewers, or highways. Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

Construction. — This section is clear and unambiguous. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Section mandatory. — This section, which provides, inter alia, that a city council, when requested by petition signed by legal voters as provided therein, shall direct that an election be held to determine all questions connected with the contracting of debt and the issuing of bonds, is mandatory, and, upon the refusal by a city council to comply with those mandatory terms, where all the provisions of the statute have been complied with, mandamus lies to compel the calling of such election and the submission of such question. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where a valid petition is submitted to a city council in a proper case, that body has a mandatory duty to submit the question to the voters of the city in accordance with the provisions of this section. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus. — Mandamus is the proper remedy to compel a city council to submit a question to the voters where the law provides for such submission and council refused to do so. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

When the requisite number of signatures is contained upon a valid petition, mandamus will lie to compel the council to submit the question to the voters at an election where the council has refused to adopt the ordinance or submit the question to the voters of the municipality. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus will lie to require a city council, upon the filing of a proper petition, to submit the question to the voters of the city, and even though the ordinance, if passed, would carry with it fatal infirmities, it would go into operation, if adopted, and become legally advantageous to the relators in mandamus. State ex rel. Elliott v. Adams, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where petitioners file a petition before a city council requesting that the council undertake procedure to submit a bond issue to a vote of the people in accordance with a provision of a city charter and the council fails to give petitioners the relief sought under the charter provisions, such petitioners cannot by mandamus proceeding later force the council to proceed in accordance with an initiative provision of a general state law with which the council was not in the beginning asked by proper petition to comply. In such a situation, there is not a clear legal right to the issuance of a writ. State ex rel. Horne v. Adams, 154 W. Va. 269, 175 S.E.2d 193 (1970).

Refunding bonds. — The rule that refunding bonds do not create a new debt and, therefore, may be issued without voter approval under W. Va. Const., art. X, §§ 8, 10, is subject to certain qualifications: First, the amount of refunding bonds cannot increase the total indebtedness authorized by the voters on the original bond issue; secondly, refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue, and thirdly, the aggregate of the principal and interest payments made on the original bonds prior to their refunding, when added to the amounts to be paid on the refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed the original indebtedness authorized by the voters. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Valuation for bond levy purposes. — It is apparent from this section that the special bond levy is set annually based upon the current year's appraised values. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

This article contemplates general obligation bonds. — See 46 Op. Att'y Gen. 337 (1955).

Authority to issue revenue bonds cannot be given by affirmative vote. — Authority of the county court (now county commission) to issue revenue bonds for the construction of an armory cannot be given by an affirmative vote of the voters of the county; such authority can only be given by appropriate legislative action. 46 Op. Att'y Gen. 337 (1955).

Method of financing. — The method of financing known as the "restricted special fund" theory, has been upheld by an almost unbroken line of authorities. The legislature has recently adopted the "broad special fund" theory of subjecting the revenues from the entire system to the payment of bonds issued for the improvement and extension of an existing water plant. The validity of such legislation is now recognized in almost all jurisdictions. Casto v. Town of Ripley, 114 W. Va. 668, 173 S.E. 886 (1934).

Approval of bond issue in an amount in excess of that permitted by law. — County bonds in an amount which can be paid from legal maximum levies as part of a proposed issue of bonds of an aggregate in excess of the limits permitted by law are not valid and cannot be issued or used to complete a different and less costly project than the project specified in the proposed issue submitted to voters and the completion of which would require the proper expenditure of the entire principal amount of the proposed issue. State ex rel. County Court v. Partlow, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Notice of indebtedness requirement. — The requirement that voters be correctly advised as to all existing indebtedness is mandatory and calls for the utmost good faith in its compliance on the part of the county court (now county commission). Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Under this section, the failure of a county court (now county commission) to include in its order calling an election to vote on a proposed issue of county bonds, a statement of the amount of an existing overdraft in the county fund, not provided for out of the levies of the current fiscal year, renders void the election held thereunder, and the issue of bonds attempted to be authorized thereby. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Order submitting bond issue must state approximate rate of levy needed for sinking fund requirements. — This section requires that an order submitting the approval or disapproval of a bond issue to a vote of the people state the approximate rate of levy necessary to meet the sinking fund requirements, and this rate of levy must be substantially complied with. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Rates of levy. — The rates of levy adopted by the people at a bond election are binding and where a subsequent order expressly provided that this rate could be exceeded, the provision in the order was invalid and of no effect. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Stated in APCO v. County Court, 146 W. Va. 118, 118 S.E.2d 531 (1961).

Cited in State ex rel. Todd v. Steen, 106 W. Va. 325, 145 S.E. 602 (1928).

§ 13-1-5. Engineer's estimate.

Before ordering an election on the question of issuing bonds to construct a county-district road or bridge, whether acting on its own motion or on petition, the county court shall instruct the county road engineer, or some other engineer designated by it for the purpose, to make an investigation and furnish to the court an estimate of the probable cost of the proposed improvement. (1923, c. 14, § 5.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.

The order or ordinance submitting the proposition of issuing bonds to a vote may specify more than one purpose for which bonds are to be issued: Provided,

That the amount of the proceeds of the issue to be used for each purpose shall also be specified therein: Provided further, That all expenditures, including but not limited to expenditures for the acquisition of sites, the construction, erection, equipping and furnishing of one or more buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, and the relocation, alteration, renovation or enlargement of any existing buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, for the same general purpose shall be construed to be a single purpose within the meaning of this section. It shall not be necessary to specify in the order or ordinance submitting the proposition the amount of the proceeds of such bond issue to be used for each such site, building, structure, improvement or facility, or group of buildings, structures, improvements or facilities, which are a part of the same general purpose and it shall be sufficient compliance with this section if such order or ordinance state only the general purposes for which bonds are to be issued and the amount of the proceeds of such issue to be used for each such general purpose. (1923, c. 14, § 6; 1965, c. 125.)

Amounts for several projects must be specified. — A city bond issue for different projects cannot be sustained unless the ordinance which submitted the proposed issue to a vote of the people clearly specified the amounts to be used for the several projects, respectively. State ex rel. Davenport v. Meadows, 120 W. Va. 602, 199 S.E. 883 (1938).

Substantial variance invalidates issue. — In the submission to a vote of the people of a proposed bond issue embracing several municipal projects, the amounts specified in the ordinance for the projects, respectively, shall also be set forth in the ballot, and a substantial variance will invalidate the issue. State ex rel. Davenport v. Meadows, 120 W. Va. 602, 199 S.E. 883 (1938); Jarrell v. Board of Educ., 131 W. Va. 702, 50 S.E.2d 442 (1948).

Diversion of funds prohibited. — A city may not use the balance of $200,000, remaining after the completion of the first five individual projects contained in a bond issue, for the purpose of implementing the total amount available for project number six. Such action, if carried into effect, would constitute a diversion of the funds, which the law forbids. 47 Op. Att'y Gen. 33 (1956).

Airports. — Only one purpose was contemplated by county court (now county commission) where it had in mind to "establish, acquire and construct an airport ..." and to submit to the voters the question of issuing bonds. Hence, it was not a case coming within the requirements of this section. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-6a. When proceeds of bond issue specified for one project may be used for another project.

If the order or ordinance submitting the proposition of issuing bonds to a vote specifies several projects within the same general purpose and the amount of the proceeds of such issue to be used for each project and for any reason one or more of said projects cannot be constructed, carried out, or completed, the amount of money specified for such projects and any sums remaining unused upon completion of any one of the specified projects may be allocated by the governing body in its discretion to and expended for any one or more of the remaining projects specified in said order or ordinance if said order or ordinance of submission shall contain a provision authorizing it to do so. (1965, c. 126.)

§ 13-1-7. When election to be held.

Elections for the purpose of voting upon questions of issuing bonds may be held at any general, primary, or special election which the fiscal body in its order submitting the same to a vote may designate, except that, when a petition is filed asking that bonds be issued, the fiscal body with which the same is filed, if it be not designated in the petition that the election shall be held at a general or primary election, shall order a special election to be held within sixty days from the date of the filing of such petition; or, if it be a petition for bonds for the construction of county-district roads or bridges thereon, the election shall be held within sixty days from the filing of the engineer's report as provided for in section five [§ 13-1-5] of this article. (1923, c. 14, § 7.)

Questions at special election designated for consideration of constitutional amendments limited. — When the legislature, by law, designates that one or more proposed amendments are to be submitted to the voters at a special election, it would be unconstitutional and prohibited for the voters of any county to consider the question(s) of whether or not to authorize a county board of education to borrow money by issuing general obligation bonds and/or to lay an excess levy at an election called by a county school board to be held on the same day as that already designated by the legislature for holding a special election for voters to vote on one or more constitutional amendments. Op. Att'y Gen., Apr. 9, 1973.

§ 13-1-8. Publication of notice of election.

Notice of all bond elections shall be given by publication, within fourteen consecutive days next preceding the date of the election, of the order provided for in section four [§ 13-1-4] of this article as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the political division in which the election is to be held. (1923, c. 14, § 8; 1967, c. 105.)

Editor's notes. — By Acts 1921, c. 112, § 106, it was provided that the clerk shall "forthwith" in a conspicuous place in his office and at the front door of the courthouse post the order of notice, and under such section it was held that a notice of a bond issue to build a road, seven days after the order and thirty days before the election, was posted "forthwith" as required by the section. See Vineyard v. County Court, 92 W. Va. 51, 114 S.E. 380 (1922).

Section liberally construed. — Under this section a liberal rather than a technical rule of construction should be applied. Stanley v. Kanawha County Court, 84 W. Va. 619, 100 S.E. 408 (1919).

Continuous publication. — Where a publication is required "for" a given number of days or weeks, it must be for each day or week for the required number of days or weeks, thereby giving force to the preposition "for" and distinguishing that class of statutes from those where continuity is not contemplated or so indicated by the use of the preposition. Stanley v. Kanawha County Court, 84 W. Va. 619, 100 S.E. 408 (1919).

Stated in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-9. Registration of voters.

The registration of voters and the use of registration books prescribed by general law shall be applicable to any election under this chapter. (1923, c. 14, § 9.)

Cross references. — General law pertaining to registration of voters, c. 3, art. 2 and note thereto.

§ 13-1-10. Election precincts.

Elections for bond issues for counties, districts and school districts shall be held at the voting precincts established for holding general elections; for municipalities, at the precincts established for the election of municipal officers; and for independent school districts, at the precincts used for voting for boards of education. (1923, c. 14, § 10.)

§ 13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.

All the provisions of the general election laws of this State concerning general, primary or special elections, when not in conflict with the provisions of this article, shall apply to bond elections hereunder, insofar as practicable: Provided, That in bond elections for municipalities, school or independent school districts, the recorders and secretaries, respectively, shall procure and furnish to the election commissioners at each voting precinct the ballots, pollbooks, tally sheets and other things necessary for conducting the election, and perform all duties imposed by law upon clerks of the circuit courts in relation to general elections. (1923, c. 14, § 11.)

ALR references. — Rescission of vote authorizing school district or other municipal bond issue, expenditure, or tax, 68 ALR2d 1041.

Inspection of polling places. — The secretary of state, as chief election official under § 3-1A-6, and his designates are allowed to enter polling places on election day in an effort to ensure that an election is running smoothly and without error or fraud. Op. Att'y Gen., Oct. 22, 1979.

Certification of election officials. — County board of education is the proper body to certify election officials for general obligation bond issue election. 47 Op. Att'y Gen. 158 (1957).

County court (now county commission) to conduct recount. — In the absence of any conflicting statute, and under the provisions of this section and § 3-6-9, the county court (now county commission), as a board of canvassers of the county, is vested with the power and authority to recount the ballots cast at a special bond election in the county and is the proper governmental instrumentality to conduct such recount. State ex rel. Bumgarner v. County Court, 147 W. Va. 52, 125 S.E.2d 883 (1962).

Recount must be prompt. — The county court (now county commission), as the board of canvassers of the county, being vested with the power and authority to conduct a recount of the ballots cast at special bond elections, is subject to the duty to conduct such recount promptly and without unnecessary delay and to comply with the public policy of the State which requires diligent and timely action by officers, boards, tribunals and courts in ascertaining, declaring and certifying the final results of an election. State ex rel. Bumgarner v. County Court, 147 W. Va. 52, 125 S.E.2d 883 (1962).

Duty to provide polling place. — The duty to provide polling places in special elections for school purposes is imposed solely upon the county court (now county commission) and not the board of education. Op. Att'y Gen., July 25, 1969.

Applied in Mingo County Taxpayers Ass'n v. Board of Educ., 122 W. Va. 109, 7 S.E.2d 656 (1940).

§ 13-1-12. Form of ballot.

The ballots to be used at elections under this article shall be in substantially the following form:

Shall ..... (name of political division) incur debt and issue bonds to the amount of $....., to run not more than ..... years from the date thereof, with interest not exceeding the rate of ..... percent per annum, for the purpose of ....., and levy taxes sufficient to pay the interest on and the principal of such bonds.

☐ Yes.

☐ No.

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, place an X mark in the square before the word "Yes."

To vote against it, place a similar mark before the word "No." (1923, c. 14, § 12.)

Failure of municipality to use ballot prescribed does not invalidate election. — Failure to use the form of ballot prescribed by this section, in an election held by a municipality upon the question of the issuance of municipal bonds for street improvement to be paid for in whole or in part by assessment against abutting property, does not render the election invalid. Sexton v. Lee, 100 W. Va. 389, 130 S.E. 437 (1925).

Ballot clearly indicating intention of voter sufficient. — If the form of ballot to be used in municipal bond elections be not prescribed by statute, a ballot which clearly indicates the intention of the voter on the proposition submitted will suffice. Sexton v. Lee, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-13. Time and manner of canvassing returns.

The authorities calling bond elections shall canvass the returns at the same time with reference to the election and in the same manner as is required of county courts for general elections. (1923, c. 14, § 13.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Authority to canvass returns. — The county board of education is authorized to canvass the returns of a general obligation bond issue election. 47 Op. Att'y Gen. 158 (1957).

Quoted in Park v. Landfried, 135 W. Va. 361, 63 S.E.2d 586 (1951).

§ 13-1-14. Resolution authorizing issuance and fixing terms of bonds.

If three fifths of all the votes cast for and against the proposition to incur debt and issue negotiable bonds shall be in favor of the same, the governing body of the political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount stated in the proposition; fix the date thereof; set forth the denominations in which they shall be issued, which denominations shall be one hundred dollars or multiples thereof; determine the rate or rates of interest which the bonds shall bear, which rate or rates of interest shall be within the maximum rate stated in the proposition submitted to vote and payable semiannually; prescribe the medium with which the bonds shall be payable; require that the bonds shall be made payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall

become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds shall be subject to redemption prior to the maturity thereof and, if so, the terms of the redemption; and prescribe a form for executing the bonds authorized. (1923, c. 14, § 14; 1970, c. 9; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1990, 3rd Ex. Sess., c. 5; 1994, c. 13; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 13, 1998, substituted "the state treasurer" for "the state board of investments."

Constitutionality. — The supreme court of the United States in Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional W. Va. Const., art. X, §§ 1 and 8, and §§ 11-8-16, 13-1-4 and this section, because violative of the equal protection clause of the Constitution of the United States. State ex rel. Heavener v. Perry, 155 W. Va. 353, 184 S.E.2d 136 (1971).

That West Virginia has adopted a rule of decision in W. Va. Const., art. X, §§ 1 and 8, and in § 13-1-4, this section, and § 11-8-16, applicable to all bond referenda and increases in taxes, by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax increases for any purpose, whether for schools, sewers, or highways. Gordon v. Lance, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

Variance in interest rates. — Issuance of different blocks, amounts, or series of bonds of a total authorized bond issue, may have variance in the coupon interest rates, provided none of the interest rates exceed the maximum authorized interest rate. 45 Op. Att'y Gen. 303 (1953).

Issuance of less than total amount authorized. — Under this section, relating to an original bond issue, it appears that the legislature intended that a bond-issuing authority could issue less than the total amount of bonds authorized at the election, if under all the circumstances the projects authorized by the voters can still be completed. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Registration of bonds. — This section and § 13-2-2, which authorize a bond-issuing authority to have bonds payable at the office of the treasurer of state and at such other places that the bond-issuing authority may designate, provide sufficient authority to permit the bonds to be registered at the place of payment. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-15. Bonds to be payable in annual installments.

Such bonds shall be made payable in annual installments beginning not more than two years after the date thereof, and the amount payable in each year may be so fixed that, when the annual interest is added to the principal amount to be paid, the total amount payable in each year in which part of the principal is payable shall be as nearly equal as practicable. It shall be an immaterial variance if the difference between the largest and smallest amounts of principal and interest payable annually during the term of the bonds shall not exceed three percent of the total authorized issue. Or, such bonds may be payable in annual installments beginning not more than two years after the date thereof, each installment being as nearly equal in principal amount as may be practicable. (1923, c. 14, § 14.)

§ 13-1-15a. Bonds may be subject to redemption.

All or a portion of such bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and

prices and on such terms as shall be designated in the resolution required by section fourteen [§ 13-1-14] of this article. The body issuing the bonds may not levy taxes in connection with the redemption of any bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such bonds in such year. (1994, c. 13.)

§ 13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.

The resolution authorizing the bonds provided for in section fourteen [§ 13-1-14] of this article may direct that they shall contain the following recital:

"It is certified that this bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

Such recital, when such bonds shall have been indorsed by the attorney general as provided in section twenty-eight [§ 13-1-28] of this article, shall be deemed an authorized declaration by the governing body of the political division and to import that there is constitutional and statutory authority for incurring the debts and issuing the bonds; that all the proceedings therefor are regular; that all the acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds, have existed, happened and been performed in due time, form and manner as required by law; that the amount of the bond and the issue of which it forms a part, together with all other indebtedness, does not exceed any limit or limits prescribed by the Constitution or statutes of this State; and that all questions connected with incurring the debt and issuing the bonds have been first submitted to a vote of the people and have received three fifths of all the votes cast for and against the same at an election regularly called and held for the purpose after notice published and posted in the manner required by law. If any bond be issued containing the said recital, and also containing the indorsement of the attorney general as aforesaid, it shall be conclusively presumed that said recital, construed according to the import hereby declared, is true, and neither the political division nor any taxpayer thereof shall be permitted to question the validity or regularity of the obligation in any court or in any action or proceeding. (1923, c. 14, § 15.)

§ 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.

The bonds issued hereunder may be registered or coupon bonds. Coupon bonds may be registered as to the principal in the owner's name by the state treasurer on books which shall be kept at its office for the purpose and the registration shall also be noted on the bonds, after which no transfer shall be valid unless made by the state treasurer on the books of registration and

similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery; but may again, and from time to time, be registered as to the principal amount as before. The registration of coupon bonds as to the principal sum shall not affect the negotiability of the interest coupons, but title to the same shall pass by delivery. (1923, c. 14, § 16; 1990, 3rd Ex. Sess., c. 5; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 14, 1998, twice substituted "the state treasurer" for "the state board of investments."

Quoted in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.

Coupon bonds may also be registered as to the interest by the holder surrendering the bonds with the unpaid coupons attached, which bonds and coupons shall be canceled by the state treasurer. New bonds of the same date and tenor and for the same amounts as the bonds surrendered, or, at the option of the holder, a single bond for the aggregate amount of the bonds surrendered, but without interest coupons attached, shall be issued in the place of the coupon bonds and registered in the manner required in the preceding section. A registered bond may at any time be surrendered and be exchanged by the holder for a coupon bond by the holder delivering the registered bond to the state treasurer who shall cancel the same and who shall cause a new bond of the same date and tenor and for the same amount to be issued, and with interest coupons for the interest thereafter to accrue thereon attached, and deliver the same to the holder of the surrendered bond. The governing body of the county, municipal corporation or school district which issued the original bond shall issue and execute the new bond required by this section and shall pass the resolutions and ordinances necessary to authorize the same. The expense of such registration shall in all cases be paid by the holder of the bonds. (1923, c. 14, § 17; 1990, 3rd Ex. Sess., c. 5; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 14, 1998, in the first and third sentences, substituted "the state treasurer" for "the state board of investments."

§ 13-1-19. Signing, sealing and delivery of bonds and coupons.

All bonds issued under this article by any county shall be signed by the president of the county court and countersigned by the clerk of such court; bonds issued by any municipality shall be signed by the mayor or other chief executive and countersigned by the clerk, recorder or secretary; bonds issued by a district or independent school district shall be signed by the president of the board of education and countersigned by the secretary thereof. The seal of the political division shall be affixed to such bonds. Interest coupons shall be signed by the facsimile signatures of such officers. The delivery of any bonds or

coupons so executed at any time thereafter shall be valid, although before the date of delivery the person signing such bonds or coupons shall have ceased to hold office. (1923, c. 14, § 18.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Cited in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-20. Imposition and collection of tax to pay bonds and interest.

It shall be the duty of the governing body of any political division, at or before the time of issuing bonds under this article, to provide for the imposition and collection annually of a tax, in excess of all other taxes, on all property subject to taxation by the political division under the Constitution and laws of this State, sufficient in amount to pay annually the interest on such debt and the principal thereof falling due in each year, such tax to be levied and collected by the same officers, at the same time and in the same manner as the general taxes of the political division. Should any political division neglect or fail for any reason to impose or collect such tax for the payment of the principal or interest of any bonded indebtedness incurred under this article, any person in interest or the state tax commissioner may enforce the imposition and collection thereof in any court having jurisdiction of the subject matter, and any suit, action or proceeding brought for such purpose shall be heard and disposed of with reasonable dispatch. (1923, c. 14, § 19.)

Rate adjustments. — This section appears to permit annual adjustments to the levy rates, if necessary, to meet the annual bond interest, including retirement of principal. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-21. Advertisement and sale of bonds.

The governing body of the political division issuing such bonds shall sell the same and collect the proceeds, which proceeds shall be deposited with its treasurer. The governing body of the political division shall advertise such bonds for sale, on sealed bids, which advertisement shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be the political division. The first publication shall be made at least fourteen days before the date fixed for the reception of bids. Such advertisement shall also be published in a financial paper published either in the city of New York or the city of Chicago, or in a newspaper published in a city of this state having a population of not less than twenty thousand inhabitants, according to the last federal census. The governing body may reject any and all bids. If the bonds be not sold pursuant to such advertisement, they may within one hundred twenty days after the date advertised for the reception of bids, be sold by the governing body at private sale, but no private sale shall be made at a price less than the highest bid which shall have been received. If not sold, such bonds shall be readvertised in the manner herein provided. In no event

shall bonds be sold for less than their par value. (1923, c. 14, § 20; 1967, c. 105; 1981, 1st Ex. Sess., c. 2; 1992, c. 29.)

Discount sales. — A discount sale of a refunding bond is not prohibited. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.

The proceeds derived from the sale of any bonds shall be used only for the purpose or purposes for which the bonds were issued as set out in the order or ordinance submitting the question to vote, but the purchaser of the bonds shall not be obliged to see to the application thereof. (1923, c. 14, § 21.)

Limitations not forbidden by fundamental law may be imposed on expenditures. — The board of education may place upon the expenditure of funds any limitations or restrictions not forbidden by the fundamental law in the original order and bond ballot. 46 Op. Att'y Gen. 375 (1956).

Hence, it was legal and proper for a county board of education to use the proceeds designated for "Simmons" in a bond issue election for the necessary expansion of facilities at several schools in the "Simmons" community. 46 Op. Att'y Gen. 375 (1956).

Authority to designate location of municipal park when bond issue does not so provide. — See 45 Op. Att'y Gen. 426 (1953).

Bond recitals control for holders in due course. — A municipal corporation is estopped by recitals in bonds to assert, as against a holder in due course, that the recitals were false or incorrect. St. Paul Fire & Marine Ins. Co. v. Town of Monongah, 209 F. Supp. 514 (N.D.W. Va. 1962).

Expenditures for approved purposes only. — A county court (now county commission) may not expend proceeds of a bond issue made under the provisions of article 1 of this chapter for purposes other than those specifically approved by the voters of that county. Op. Att'y Gen., May 28, 1969.

§ 13-1-23. No law, order, ordinance, resolution, proceeding or publication necessary except as prescribed by this article.

This article shall, without reference to any other act of the legislature, be full authority for the issuance and sale of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bond under this article shall be necessary, except such as are required by this article. No publication of any order, ordinance, resolution or proceeding relating to the issuance of such bonds shall be necessary except such as is required by this article. Any publication prescribed hereby may be made in any newspaper conforming to the terms of this article, without regard to designation thereof as the official journal of the political division. (1923, c. 14, § 22.)

§ 13-1-24. Legal status of bonds.

Bonds issued under this article, except to the extent that their status shall be affected by registration made in pursuance of this article, shall have all the qualities of negotiable paper under the law merchant and shall not be invalid for any irregularity or defect in the proceedings for the issuance thereof, and shall be incontestable in the hands of bona fide purchasers or holders thereof for value. (1923, c. 14, § 23.)

§ 13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.

The governing body of any political division issuing bonds under this article shall, as soon as practicable after the result of the election authorizing their issuance shall have been officially ascertained, transmit to the attorney general a duly certified copy of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and any other matters relative thereto which the attorney general may require. The attorney general shall thereupon either approve or disapprove the validity of such bond issue, and shall immediately notify the governing body of the political division which authorized the issuance of the bonds of his action by mail, and as soon as practicable notify the people of such political division of his approval or disapproval of such bond issue, by causing notice thereof to be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the political division. (1923, c. 14, § 24; 1967, c. 105.)

Cross references. — See notes to § 13-1-26.

Attorney general restricted to consideration of procedural steps in passing on validity of bond issue. — The power of the attorney general in approving or disapproving the validity of a proposed bond issue, pursuant to this section, is restricted to passing upon the procedural steps taken by the political subdivision. State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Attorney general may not rule on validity of contract affecting title to land to be purchased from proceeds of bond issue. — Under this section, the attorney general of this State has no power to pass on the validity of a contract and agreement affecting the title to land to be purchased from the proceeds of a bond issue. Such question is judicial and must be determined by a court of competent jurisdiction. State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Proceeding by attorney general does not oust jurisdiction of court. — Where, prior to the approval of a bond issue by the attorney general, a citizen and taxpayer has instituted his suit or action attacking the legality of the election, the jurisdiction of the court to hear and determine such suit or action cannot be ousted, or in any manner affected, by any proceeding on the part of the attorney general, under this and §§ 13-1-26, 13-1-27. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Cited in State ex rel. Davenport v. Meadows, 120 W. Va. 602, 199 S.E. 883 (1938); State ex rel. County Court v. Partlow, 130 W. Va. 777, 45 S.E.2d 506 (1947); Town of South Charleston v. Board of Educ., 132 W. Va. 77, 50 S.E.2d 880 (1948).

§ 13-1-26. Review in supreme court of appeals of action of attorney general.

For a period of ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue as provided in the preceding section [§ 13-1-25], any person in interest, or any taxpayer within the political division for which the bonds are authorized to be issued, may present his or its petition to the supreme court of appeals or to a judge thereof in vacation, praying that the action of the attorney general in approving or disapproving such bond issue, as aforesaid, be reversed or modified; and if the court, or such judge thereof in vacation, be of the opinion to hear and determine the matters in such petition

set out, the case shall be proceeded with as in cases of original jurisdiction; but the petitioner shall file with the clerk of the court a bond, with security to be approved by him, and in such sum as the court or judge may fix, for the payment of such costs as may be awarded against him in said court. The clerk of the court shall forthwith notify the attorney general and the governing body of the political division which authorized the issuance of the bonds of the action taken by the court or judge in vacation upon such petition, and for the hearing thereof the attorney general shall file with the clerk of said court all papers, documents, evidence and records, or certified copies thereof, which were before him and on which he based his approval or disapproval; and before the day fixed for final hearing, he shall file with the clerk of said court a written statement of his reasons for the approval or disapproval of the bond issue. Upon the submission of the case, the court shall decide the matters in controversy and enter such order thereon as to it may seem to be just. (1923, c. 14, § 24.)

Exercise of discretion by attorney general must not be arbitrary. — This section does not contemplate or sanction an arbitrary exercise of the discretionary powers of the attorney general. This is indicated by the provision hereof which permits an appeal to the supreme court in the event of misuse or abuse of the authority vested in the attorney general. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

Attorney general may not withhold approval if all preliminary proceedings have been regular. — The attorney general cannot withhold his approval if all of the preliminary proceedings to the issue of the road bonds are regular or substantially so. Nor can he be permitted to give his approval if the statutory provisions have not been complied with. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

If a judgment by the attorney general has not been attacked by a suit within the prescribed time, such judgment becomes final. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

Review contemplated. — The provisions of this section and § 13-1-25 contemplate that when the attorney general has ruled, his action may be reviewed by the supreme court of appeals. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Power of review rests solely on this section. — The jurisdiction of the supreme court of appeals to review the action of the attorney general in approving or disapproving a proposed bond issue rests solely on this section, and should "be proceeded with as in cases of original jurisdiction." State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Sole question ordinarily considered on review is approval or disapproval by the attorney general of a proposed bond issue. — Generally the supreme court of appeals will not undertake in such proceeding the supervision of the expenditure of funds to be procured as the result of such bond issue. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949); State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Power of attorney general limited by § 13-1-25. — The review by the supreme court of appeals of the attorney general's action in approving or disapproving a proposed bond issue contemplated by this section is limited to his action with respect to the powers he may properly exercise pursuant to § 13-1-25. State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Effect of appellate review on jurisdiction of lower court. — The action of the appellate court in upholding the attorney general in sustaining a county bond issue would not oust the circuit court of the county of its jurisdiction to finally hear and determine a pending suit seeking to contest the bond election and to enjoin the issuance of the bonds. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Objection to amended petition. — An objection to an amended and supplemental petition, filed more than ten days after the date of the last publication of the notice of the attorney general of his approval of a bond issue, was held to be without merit so long as the defendant was not taken by surprise or otherwise prejudiced by the filing and consideration of the supplemental petition. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Applied in State ex rel. Davenport v. Meadows, 120 W. Va. 602, 199 S.E. 883 (1938); State ex rel. County Court v. Partlow, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Cited in Town of South Charleston v. Board of Educ., 132 W. Va. 77, 50 S.E.2d 880 (1948).

§ 13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.

If no person in interest or taxpayer shall within ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue, as provided in this article, present his or its petition to the supreme court of appeals or to a judge thereof in vacation praying that the action of the attorney general be reversed or modified, as hereinbefore provided, or if such petition be filed and the court or judge be of the opinion not to hear and determine the matters in such petition set out, the action of the attorney general shall be final and no other appeal shall be allowed therefrom; and the bond issue approved by him shall become incontestable and shall be a valid and binding obligation upon the authority issuing the same and upon the taxable property within the political division which authorized the bond issue by the vote of the people therein; and no one shall thereafter have the right to contest in any court or in any action or proceeding the legality of any election held under this article, the bond issue provided for, or the tax required to pay the same, for any cause whatsoever. (1923, c. 14, § 24.)

Applied in Warden v. Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

Cited in Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943); In re Proposal to Incorporate Town of Chesapeake, 130 W. Va. 527, 45 S.E.2d 113 (1947).

§ 13-1-28. Indorsement on bonds by attorney general.

After ten days shall have elapsed from and after the date of the last publication of the attorney general's notice provided for in section twenty-five [§ 13-1-25] of this article, if no proceeding be pending to have his approval of the bond issue reversed and modified, the attorney general shall indorse upon each and every bond of the issue so approved by him his certificate to the effect that such bond has been approved by him by virtue of the authority vested in him by this article; that notice of his approval was published as required by section twenty-five of this article; that ten days have elapsed since the date of the last publication of such notice; that there has been no appeal from his decision to the supreme court of appeals; and that the bond has become incontestable and is a binding obligation upon the authority issuing the same and upon the taxable property within the political division, and that the validity of such bond shall not be contested thereafter in any court or in any action or proceeding for any cause whatsoever. (1923, c. 14, § 24.)

§ 13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.

The cost of publishing the notice to taxpayers as herein provided, and the costs of certifying and copying all records, papers and proceedings to be used by the attorney general in passing upon the validity of the bond issue, and all necessary expense incurred by the attorney general in connection with any bond issue, shall be paid by the authority issuing such bonds out of the proceeds arising from the sale thereof, if the same be finally approved, and if the bond issue be disapproved, such expense shall be paid out of the general fund of such authority. (1923, c. 14, § 24.)

§ 13-1-30. Files and records to be kept by attorney general.

The attorney general shall keep on file in his office the papers pertaining to any bond issue submitted to him, and shall record his findings of approval or disapproval in a well bound book kept for that purpose in his office, which shall be open for inspection by anyone in interest during business hours. (1923, c. 14, § 24.)

§ 13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred.

Nothing contained in this article shall affect in any way proceedings heretofore begun by the governing body of any political division to issue bonds under the authority of any statutes of this State heretofore in force. Such proceedings may be completed under the statute under which the same were begun and under the provisions of this article so far as the same can be made applicable thereto. Nor shall anything contained in this article invalidate any indebtedness heretofore incurred under a law then existing. (1923, c. 14, § 25.)

§ 13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article.

Notwithstanding the provisions of section three [§ 13-1-3] of this article, when by a special act of the legislature any municipality or independent school district is authorized to become indebted for any purpose or purposes in a greater amount than is fixed by said section three, bonds may be issued under this article by such municipality or independent school district in an amount not exceeding that fixed by such special act. This article shall not affect any general or special law providing for the issuing of bonds for any improvement to be paid for in whole or in part by assessment against abutting property. (1923, c. 14, § 26.)

Editor's notes. — Acts 1933, Ex. Sess., c. 8, abolished "existing magisterial school districts and subdistricts and independent districts." See § 18-1-3.

Cited in Sexton v. Lee, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-33. Bonds exempt from taxation.

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder, or under the provisions of chapter eight [§ 8-1-1 et seq.] of this Code, shall be exempt from all taxation by the State or by any political subdivision thereof. (1931 Code, § 13-1-33.)

Exemption must be provided by law or contract. — Unless in some way exempted by express provision of law or by contract, bonds issued by municipal subdivisions of the State may be taxed by the State. State v. Page, 100 W. Va. 166, 130 S.E. 426 (1925).

§ 13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value.

(a) Notwithstanding any other provision of this article or of any other law to the contrary, every school district, by and through its board of education, shall levy and collect in each year a direct annual tax on all taxable property in such school district sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such school district, now or hereafter contracted, not to exceed five percent of the value of the taxable property therein to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

(b) The term "value" as used in this section and in section 8, article X of the Constitution, is used in the same context that the term "value" is used in section 1, article X of the Constitution, and means the "worth in money" of a piece of property — its market value for ad valorem property tax purposes. (1959, c. 132; 1988, 3rd Ex. Sess., c. 7.)

Refund of bond proceeds or reduction in tax levy prohibited until sufficient funds on deposit. — Where in order to meet interest obligations due on bonds prior to first levy of taxes for payment of their principal and interest, county school board forwarded portion of bond proceeds to municipal bond commission, and subsequently tax collections exceeded the amount necessary to meet present principal and interest payments and would be sufficient to pay future obligations, the municipal bond commission could not refund any part of bond proceeds forwarded to the commission by the county board of education nor reduce the taxes to be levied below that sum required by this section until such time as sufficient funds were on deposit with the commission to pay interest accruing in all subsequent years and to retire the bonds; however, after retirement of all bonds, any balance in the account could be refunded. Op. Att'y Gen., Aug. 2, 1978.

Stated in APCO v. County Court, 146 W. Va. 118, 118 S.E.2d 531 (1961).

§ 13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same.

Notwithstanding any other provisions of this article or any other law to the contrary, every county, by and through its county court, either for or on behalf of the county, or for and on behalf of any magisterial district, or any group of magisterial districts therein, and any municipal corporation, by and through its council or other governing body in lieu thereof, shall levy and collect in each year a direct annual tax on all the taxable property in such county, magisterial district or districts, or municipality sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, now or hereafter contracted, not to exceed in the aggregate five percent of the value of the taxable property therein, to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by such counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

The order of the county court, either for or on behalf of the county or for and on behalf of any magisterial district, or any group of magisterial districts therein, or of any municipal corporation, by its council or other governing body in lieu thereof, hereafter adopted calling an election on the issuance of bonds of such county, magisterial district or districts, or municipality, as the case may be, which together with the existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, the value to be ascertained in accordance with section 8, article X of the Constitution, shall contain a statement in substantially the following form:

Such bonds, together with all existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable upon a direct annual tax levied and collected in each year on all taxable property in such county, magisterial district or districts, or municipality, as the case may be, sufficient to pay the principal and interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article

X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution. (1959, c. 133.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Section unconstitutional. — This section attempts to confer levying power and authority upon county courts (now county commissions) in direct conflict with W. Va. Const., art. X, § 1 and is unconstitutional. APCO v. County Court, 146 W. Va. 118, 118 S.E.2d 531 (1961), commented on in 63 W. Va. L. Rev. 357 (1961).

ARTICLE 2.

REFUNDING BONDS.

Sec.
13-2-1. What political divisions may issue refunding bonds; when issued.
13-2-2. Terms of refunding bonds; time, place and amount of payments.
13-2-3. Certain provisions of article one to apply to refunding bonds.
13-2-4. Disposition of bonds; cancellation of original bonds.
13-2-5. Article sufficient authority for issuing refunding bonds.
13-2-6. Issuance without election or notice.
13-2-7. Invalidity of part of article not to affect other parts.
13-2-8. Bonds exempt from taxation.
13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent.

W. Va. Law Review. — "Survey of Developments in West Virginia Law: 1985," 88 W. Va. L. Rev. 443 (1985).

No new indebtedness created. — The issuance by a county court (now county commission) of refunding bonds to retire existing road bonds of a magisterial district under this article does not create a new indebtedness, and levies to provide debt service for the new (refunding) bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Keeney v. Kanawha County Court, 115 W. Va. 243, 175 S.E. 60 (1934); Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

The rule that refunding bonds do not create a new debt and, therefore, may be issued without voter approval under W. Va. Const., art. X, §§ 8 and 10 is subject to certain qualifications: First, the amount of refunding bonds cannot increase the total indebtedness authorized by the voters on the original bond issue; secondly, refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue, and thirdly, the aggregate of the principal and interest payments made on the original bonds prior to their refunding, when added to the amounts to be paid on the refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed the original indebtedness authorized by the voters. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

In action to test validity of issue, bondholders must be made parties. — A court will not consider and pass upon the constitutionality of the statute nor upon the validity of the bonds sold under the authority thereof, unless the bondholders are made parties or have their day in court. State ex rel. Hall v. County Court, 100 W. Va. 11, 129 S.E. 712 (1925).

Completion of project. — Where a bond-issuing authority has been unable to market all of its original bond issue and is unable to complete the project financed by the bond issue, it may utilize for the project any unencumbered funds in its account with the bond commission in accordance with the provisions of § 13-3-9(c), as a part of a refunding bond plan to complete the original project. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Use of excess funds. — Section 18-9-2c, which authorizes the transfer of funds remaining from the liquidation of school bonds to the school current fund, does not preclude the use of excess money from an escrow fund established with the bond commission and derived from the sale of refunding bonds under this article, as long as the county board of education complies with § 13-3-9(c). Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Discount sales. — A discount sale of a refunding bond is not prohibited. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-2-1. What political divisions may issue refunding bonds; when issued.

Any county, by and through its county commission, either for and on behalf of the county or for and on behalf of any magisterial district or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may, in the manner and subject to the limitations and conditions contained in this article, issue and sell its bonds for the purpose of refunding the bonds of such political division which have become or are becoming due and payable and for the discharge of which there are or will be when the bonds mature no funds or insufficient funds available; or when, in the opinion of the governing body of the political division obligated to the payment of such bonds, the rate of levy necessary to provide funds for their discharge will impose excessive taxes upon the taxpayers of such political division; or for the purpose of providing for the payment of outstanding bonds in advance of the maturity or redemption thereof through the making of a deposit as provided in section four [§ 13-2-4] of this article; or for the purpose of rendering outstanding bonds not due when such outstanding bonds are to be presented for payment before maturity by the exercise of option provisions or by agreement with the holders thereof. Such refunding bonds may be issued bearing the same or a higher or lesser rate of interest than the bonds to be refunded. Except to the extent that additional taxes for such purpose have been approved by the voters and the levy of such additional taxes provided for in the manner stipulated in sections seven through fourteen [§§ 13-1-7 through 13-1-14] of article one of this chapter, no such refunding bonds shall be issued bearing a higher rate of interest than the bonds being refunded or shall be issued in a principal amount exceeding the principal amount of the bonds to be refunded unless the amount of debt service payable on such refunding bonds in each year is equal to or less than the amount of taxes expected to be available therefor as shall be certified by the chairman of the West Virginia municipal bond commission prior to the issuance of such refunding bonds. The amount of taxes expected to be available in each year for purposes of this section shall be based upon the rates of levy stipulated in the order directing the election at which the issuance of the bonds being refunded was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election. In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt service requirements of bonds which have not been issued. (1925, c. 46, § 1; 1984, c. 25.)

Editor's notes. — Acts 1933, Ex. Sess., c. 8, abolished "existing magisterial school districts and subdistricts and independent districts." See § 18-1-3.

Issuance at higher rate of interest. — Refunding bonds may be issued at a higher rate of interest than existed on the original bonds so long as this does not cause the refunding bond

FERRIS BAKER WATTS

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Charleston, WV 25301
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MEMORANDUM

TO:

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Berkeley Co. Bd. of Ed.
Phone: 304/267-3510, ext. 3219
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Vince Collins
Steptoe & Johnson
Phone: 304/624-8161
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WV Municipal Bond Commission
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Judy Seidel
ABN AMRO Financial Services, Inc.
Phone: 312/904-8425
Fax: 312/904-7611

Tom Cummings
Citizens National Bank, Berkeley Springs
Phone: 304/754-3600
Fax: 304/754-5935

FROM: Marie L. Prezioso

DATE: February 5, 2002

RE: $27,800,000 The Board of Education of the County of Berkeley (West Virginia) Public School Bonds, Series 2002

On Tuesday, February 12, 2002, ABN AMRO will wire $27,281,863.63 to the account of the Berkeley County Board of Education at Citizens National Bank, Berkeley Springs, West Virginia (wiring instructions follow).

	$27,800,000.00	Total Principal of Bonds
plus	36,016.48	Accrued Interest
plus	1,847.15	Premium
less	556,000.00	Good Faith Deposit
	$27,281,863.63	

Wiring instructions:

ABN AMRO will wire $27,281,863.63

To:	Citizens National Bank, Berkeley Springs, West Virginia
ABA#:	052204359
Credit:	Berkeley County Board of Education #8100661
Contact Person:	Tom Cummings 304/754-3600

The Board needs to send a check for $36,016.48 to the Municipal Bond Commission to credit the Berkeley County Schools G/O Account to pay interest.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Commitment
For Municipal Bond Insurance

Issuer: The Board of Education of the County of Berkeley (West Virginia), West Virginia

Date of Commitment: January 30, 2002

Expiration Date: April 1, 2002*

Bonds Insured: $27,800,000 in principal amount of Public School Bonds, Series 2002

Premium: $47,000

FINANCIAL GUARANTY INSURANCE COMPANY
("Financial Guaranty")

A Stock Insurance Company

hereby commits to issue a Municipal Bond New Issue Insurance Policy (the "Policy"), in the form attached hereto as Exhibit A, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto.

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to Financial Guaranty prior to such Expiration Date. Financial Guaranty reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND NEW ISSUE INSURANCE POLICY SHALL BE ISSUED IF THE CONDITIONS SPECIFIED BELOW ARE SATISFIED.

In addition to the satisfaction of the other conditions set forth herein, Financial Guaranty shall be provided with:

(a) (i) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986, as amended (if in the opinion of bond counsel (described below) ongoing compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty; (ii) the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty and addressed to (or with a reliance letter addressed to) Financial Guaranty, which opinion shall include statements to the effect that (A) the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (if the Bonds are issued as tax-exempt obligations) and (B) the Bonds constitute a general obligation of the Issuer, for the payment of which all taxable, real property within the jurisdiction of the Issuer is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount. Copies of all drafts of such documents and legal opinions (blacklined as appropriate) prepared subsequent to the date of this Commitment shall be

* Subject to written acceptance of this Commitment being furnished to Financial Guaranty by the earlier of the date on which the disclosure document relating to the Bonds is circulated and February 6, 2002.

furnished to Financial Guaranty. Final drafts of such documents shall be provided to Financial Guaranty at least five (5) business days prior to the issuance of the Policy unless Financial Guaranty shall approve a shorter period and such documents shall be satisfactory to Financial Guaranty in all respects.

(b) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of the premium acceptable to Financial Guaranty have been made prior to the delivery date of the Bonds.

In addition to the foregoing, all of the conditions contained in Exhibit D attached hereto shall be satisfied. All drafts of legal documents, the preliminary official statement, official statement or any other disclosure documents and the form of the Bonds should be directed to the attention of Claudette A. Littlejohn (212-312-3374) at Financial Guaranty for approval.

Promptly after the closing of the Bonds, Financial Guaranty shall receive three completed sets of executed documents (one original and two photocopies), copies of which we will deliver to each agency rating the Bonds.

Kim W. Wong
Authorized Representative

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive a duplicate of this Commitment executed by an appropriate officer of ABN AMRO Financial Services Inc. by February 6, 2002.

The undersigned agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Guaranty in accordance with the terms of this Commitment.

Accepted as of 2/1/02 by ABN AMRO Financial Services Inc.

By: Judy Seidel

Name: JUDY SEIDEL

Title: Vice Pres. Assoc.

6003212

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

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SPECIMEN

Municipal Bond
New Issue Insurance Policy

Issuer: The Board of Education of the County of Berkeley, West Virginia

Policy Number: 02010153

Control Number: 0010001

Bonds: $27,800,000 in aggregate principal amount of Public School Bonds, Series 2002

Premium: $47,000.00

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, 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 and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

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New York, NY 10017
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Municipal Bond
New Issue Insurance Policy

Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: February 12, 2002

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

COUNTERSIGNATURE:

Authorized Officer

Licensed Resident Agent

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Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: 02010153 **Control Number:** 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder 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.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Authorized Representative

Effective Date: February 12, 2002

Acknowledged as of the Effective Date written above:

COUNTERSIGNATURE:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

Licensed Resident Agent

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February 12, 2002

The Board of Education of the County of Berkeley
Martinsburg, West Virginia

ABN AMRO Financial Services Inc., as
Representative of the Underwriters
Chicago, Illinois

Re: $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley, West Virginia Public School Bonds, Series 2002

Ladies and Gentleman:

I am Senior Counsel of Financial Guaranty Insurance Company ("Financial Guaranty"), and have been requested to render an opinion concerning the issuance by Financial Guaranty of its Municipal Bond New Issue Insurance Policy (the "Policy") in connection with the issuance of the captioned obligations (the "Bonds"). I have examined such documents and records as I have deemed relevant for purposes of this opinion, including (a) the Certificate of Incorporation of Financial Guaranty, including all amendments thereto, (b) the amended By-laws of Financial Guaranty as in effect on the date hereof, (c) the certificate of authority issued to Financial Guaranty by the Superintendent of Insurance of the State of New York, (d) the certificate of authority issued to Financial Guaranty by the Commissioner of Insurance of the State of West Virginia, (e) the executed Policy and (f) the statements in the Official Statement dated January 30, 2002 relating to the Bonds (the "Official Statement") under the caption "THE BONDS--Bond Insurance".

On the basis of the foregoing, it is my opinion that:

(1) Financial Guaranty is a stock insurance corporation validly existing and in good standing under the laws of the State of New York and qualified to do business therein and is licensed and authorized to issue its financial guaranty insurance

policies under the laws of the State of West Virginia.

(2) The Policy is valid and binding upon Financial Guaranty and enforceable in accordance with its terms, subject to applicable laws affecting creditors' rights generally.

(3) Financial Guaranty, as an insurance company, is not eligible for relief under the Federal Bankruptcy Laws. Any proceedings for the liquidation, conservation or rehabilitation of Financial Guaranty would be governed by the provisions of the Insurance Law of the State of New York.

(4) The statements described above in the Official Statement relating to Financial Guaranty and the Policy accurately and fairly present the summary information set forth therein and do not omit any material fact with respect to the description of Financial Guaranty relative to the material terms of the Policy or the ability of Financial Guaranty to meet its obligations under the Policy.

Very truly yours,

Judith L. Hart
Senior Counsel

/jow

02010153

Financial Guaranty Insurance
Company
125 Park Avenue
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(212) 312-3000
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A GE Capital Company

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February 12, 2002

The Board of Education of the County of Berkeley
Martinsburg, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Re: $27,800,000 in aggregate principal amount of The Board of Education of the County of Berkeley, West Virginia Public School Bonds, Series 2002

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Bonds"), Financial Guaranty Insurance Company ("Financial Guaranty") is issuing a municipal bond insurance policy securing the payment of principal and interest on the Bonds (the "Insurance Policy").

This letter is to advise you that, as more fully set forth in the Insurance Policy, (i) the Insurance Policy is an unconditional and recourse obligation of Financial Guaranty (enforceable by or on behalf of the holder of the Bonds) to pay scheduled principal and interest on the Bonds when due in the event of a failure to so pay by The Board of Education of the County of Berkeley, West Virginia (the "Issuer"); (ii) the insurance premium is a charge for the transfer of substantially all of the credit risk for the payment of principal and interest on the Bonds; (iii) except for payments under the Insurance Policy in the case of a failure to pay by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds (A) by Financial Guaranty, (B) by any person related to Financial Guaranty (within the meaning of section 1.150-1(b) of the Income Tax Regulations), (C) by any entity of which Financial Guaranty owns more than ten percent (by fair market value) of its beneficial ownership interests, or (D) by any entity which owns more than 10 percent (by fair market value) of the beneficial ownership interests of Financial Guaranty; and (iv) except for the premium paid to Financial Guaranty for the Insurance Policy, Financial Guaranty (and any related party within the meaning of section 1.150-1(b) of the Income Tax Regulations) will not use any

portion of the Bond proceeds. Further, Financial Guaranty does not reasonably expect to make payments under the Insurance Policy other than under a direct-pay letter of credit or similar arrangement for which Financial Guaranty will be reimbursed immediately, and, in the event of any such payment, Financial Guaranty will immediately become subrogated to the rights of the Bondholders to receive the full amount of such payment. Financial Guaranty is reasonably assured (based on a binding obligation of an entity with sufficient funds) that sufficient funds will be available to fully retire the Bonds in the event the Issuer fails to pay scheduled principal and interest on the Bonds when due.

In addition, this letter is to advise you that (i) the premium paid for the Insurance Policy does not include any payment (A) for any direct or indirect services other than the transfer of credit risk, (B) for the provision of additional services by Financial Guaranty, or (C) for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as guarantor); (ii) the premium paid includes the overhead costs of Financial Guaranty, such fees paid by Financial Guaranty to maintain its ratings, and other costs that are taken into account in the formulation of the rate structure; (iii) no portion of such premium is a payment for costs of issuance on the Bonds (including rating agency fees, the cost of underwriting or remarketing the Bonds, and the cost of insurance for casualty to Bond-financed property), and, if the requirements of section 1.148-2(e)(2) of the Income Tax Regulations (relating to temporary periods for capital projects) are not satisfied, Financial Guaranty is reasonably assured that the Bonds will be repaid if the project to be financed by the Bonds is not completed. Further, the Issuer is not entitled to a refund of any portion of the premium for the Insurance Policy in the event a Bond is retired before its final maturity date.

Very truly yours,

Judith L. Hart
Senior Counsel

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