$3,370,000
The Board of Education of the County of Calhoun
Public School Bonds,
Series 1996

DISTRIBUTION LIST

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Attn: Jon A. Ramthun, Vice President of Municipal Trading & Underwriting

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN
Public School Bonds,
Series 1996

Dated: September 1, 1996
Date of Closing: September 10, 1996

TRANSCRIPT LIST

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The closing of the sale of $3,370,000 in aggregate principal amount of the Board of Education of the County of Calhoun Public School Bonds, Series 1996 will take place at the offices of Goodwin & Goodwin, 1500 One Valley Square, Charleston, West Virginia, at 10:00 a.m., Eastern Time, on September 10, 1996. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document which references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF CALHOUN DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF CALHOUN
COUNTY SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT OF THREE MILLION
THREE HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS
($3,370,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN: It appears to the Board of Education of the County of Calhoun (hereinafter called "the Board") from the experience of the Board in operating the schools in the Calhoun County School District (hereinafter called the "School District") and after carefully studying and considering reports, recommendations and the needs of the School District regarding the desire for an improved educational program and, based upon this information, the Board does accordingly find that:

1. There are now and have been for several years in the School District serious deficiencies in the school building facilities presently existing which generally result in lack of efficiency, lack of adequate health and safety standards, lack of adequate facilities to prepare students properly for gainful employment and further education, and an overall impairment of the educational process within the School District. To meet these inadequacies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated, and to achieve these stated goals.

2. The funds derived from current levies which this Board is now authorized by law to lay, after providing for administration of the affairs of the Board and meeting the current expenses thereof required by law, are insufficient to finance the projects required by a comprehensive building program and, therefore, Bonds should be issued to provide funds for such projects.

3. To obtain the necessary funds for the projects hereinafter described, it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, improvement, equipping and furnishing of such projects. Studies by the Board show that the School District must spend at least the sum of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000) for such purposes, which would come from the proceeds of the sale of the Bonds or any other source, all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.

4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is $120,331,594.00, and valuation of each class of property within the School District is as follows:

Class I		$ 5,213,598
Class II		40,312,090
Class III		68,211,723
Class IV		6,594,183
	Total	$120,331,594

5. The Board and the School District now have no outstanding bonded indebtedness. The unbonded indebtedness of the School District is for current expenses and can be paid from current levy funds. The maximum bonded indebtedness the Board may incur is $6,016,579.70. Accordingly, Bonds in the amount of $3,370,000, being less than five percent (5%) of the value of such taxable property as ascertained by the last assessment thereof for State and County taxes, while taking into account the School District's outstanding bonded indebtedness, may be issued and sold without violating any constitutional or statutory provision.

6. Bonds in the denomination of $5,000 each, or integral multiples thereof, aggregating $3,370,000 should be issued and sold, the proceeds of which

shall be used for the projects hereinafter described, provided, however, that in the event that any part of the Bond proceeds should not be needed for completion of the projects, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to date of purchase 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; and, provided, further, 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 shall be reimbursed from levy money collected.

7. The question of incurring said debt, issuing said Bonds, and all other questions properly connected therewith shall be submitted to the voters of the School District at the primary election to be held on the 14th day of May, 1996, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Calhoun County, shall be those commissioner and clerks designated, appointed and certified by The County Commission of Calhoun County, West Virginia in connection with said primary election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon); the Bonds shall be payable for a maximum term of sixteen (16) years from the date thereof.

9. The Bonds shall be issued only in book entry or registered form as to principal and interest in compliance with the United States Internal Revenue Code sections 103 and 149 (26 USC §103 and §149), as amended, and as authorized by the West Virginia Public Obligations Registration Act, Article 2F, Chapter 13 of the Code of West Virginia of 1931, as amended (the "Code").

10. The projects for which the proceeds of the Bonds, if authorized by the voters, are to be expended are as follows:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431

Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.	$215,649
Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.	$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.	$532,983
TOTAL ESTIMATED COSTS	$3,370,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Three Million Three Hundred Seventy Thousand and 00/100 Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-ways, if any, engineering and architectural costs, construction including but not limited to the cost of using county maintenance personnel, the costs and estimated costs of the issuance of the Bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Board in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a), Article 1, Chapter 13, of the Code. In the event the Board shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the Bonds proposed hereby, as may be determined by the Board and the granting body or agency.

11. If the voters of the School District approve the incurring of said debt and the issuance of said Bonds, the Board will lay annually upon the assessed valuation of all the taxable property within the School District a levy sufficient to provide funds for the payment of the annual interest upon the Bonds as such interest accrues semiannually and the principal of the Bonds at maturity, for which purposes a levy upon each $100 valuation, based upon the last assessment of such property for State and County purposes, will be required as follows:

Upon Class I Property approximately	11.25 cents
Upon Class II Property approximately	22.50 cents
Upon Class III Property approximately	45.00 cents
Upon Class IV Property approximately	45.00 cents

12. In the laying of said levy, the assessment levy authorized to be laid by said Board by the Constitution of West Virginia and the statutes enacted pursuant thereto shall not be exceeded; provided, however, that said rates hereinabove set forth may, whenever necessary, be exceeded in making the annual levy for interest and principal of said Bonds within statutory and constitutional limitations; and that in the levy, collection and disbursement of taxes within constitutional and statutory limitations, this levy for interest and principal shall have preference over all other taxes collected by said School District for any purpose whatsoever, except the payment of the interest and sinking fund requirements on any other bond issue or issues which lawfully have been authorized heretofore or which may be authorized hereafter.

13. If the debt represented by this Bond issue shall be approved by the voters, such Bonds, together with all existing bonded indebtedness heretofore

incurred under Section 1, Article X, of the Constitution, will not exceed in the aggregate five percent (5%) of the taxable property in the School District ascertained in accordance with Sections 8 and 10, Article X, of the Constitution of this State and will be payable from a direct annual tax levied and collected in each year on all taxable property in said School District, sufficient to pay the principal and interest maturing on said Bonds in each year, which maximum rates are provided for tax levies for 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 outside the limits fixed by Section 1, Article X of the Constitution.

14. If the debt and Bonds submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment", and the enabling legislation enacted by the Legislature of West Virginia Regular Session, 1951, amending and reenacting Sections 3 and 4, Article 1, Chapter 13, of the Code, and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1959, amending and reenacting Section 4 and adding Section 34, Article 1, Chapter 13, of the Code, 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 purposes 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 School District, and the Board does further find that after laying and allocating said special levies for payment of principal and interest requirements of said Bonds, there will be, out of the levies authorized by law and apportioned for current expenses, a sufficient levy authorized by law which, when added to other income, will be sufficient to carry out the proper requisite functions of said Board and of said School District.

BE IT FURTHER ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN AS FOLLOWS:

After careful study and due deliberation, the Board finds that available funds are insufficient for the payment of general current expenses and for correcting deficiencies in school building facilities. Wherefore the Board orders the submission to the voters of Calhoun County at the primary election to be held on May 14, 1996, of the question of whether the Board should incur debt and issue Bonds in the sum of $3,370,000 for the purposes set forth in this order.

1. The commissioners, clerks and poll workers which are designated, appointed and certified for the purpose of the primary election shall be the same commissioners, clerks and poll workers which are designated, appointed and certified by The County Commission of Calhoun County, West Virginia, in connection with the primary election to be held on May 14, 1996.

2. Notice of this question shall be given by publication of this order at least once each week for two (2) successive weeks before the election and within fourteen (14) consecutive days next preceding the election in The Calhoun Chronicle and Charleston Daily Mail which are newspapers of general circulation in the School District.

3. The ballot shall be in the form that follows:

OFFICIAL BALLOT
CALHOUN COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
Tuesday, May 14, 1996

"Shall the Board of Education of the County of Calhoun incur debt and issue bonds in the amount of $3,370,000, maturities on such bonds to run not more than sixteen (16) years from the date of such bonds, with interest not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, subject to redemption prior to maturity, in whole or in part, on terms established by the Board, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping of the projects described below, all for the general purpose of providing adequate, safe and convenient facilities for the Calhoun County School District:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431
Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.		$215,649
Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.		$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.		$532,983
	TOTAL ESTIMATED COSTS	$3,370,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Three Million Three Hundred Seventy Thousand and 00/100 Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-way, if any, engineering and architectural costs, including but not limited to the cost of using County maintenance personnel, the costs and estimated costs of the issuance of the bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Calhoun County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code. In the event the Calhoun County Board of Education shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by said Board and the granting body or agency.

And shall the Board levy taxes sufficient to pay the interest on and the principal of such Bonds?"

For the Proposition

Against the Proposition

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, make an X after the title "For the Proposition."

To vote against the proposition, mark an X after the title "Against the Proposition."

4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby designated and appointed as an agent of this Board for this election, are 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 things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code, and perform all duties imposed by law upon clerks of the County Commission and Circuit Court in relation to primary and general elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code.

5. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Calhoun, and said Clerk is hereby appointed the agent for the Board to perform all duties relating to absentee ballots in a primary or general election.

6. The registration of voters and the use of the registration booths shall be governed by the permanent registration law of the State, and the Board hereby adopts the registration list of Calhoun County as the official registration list of the School District for this election.

Adopted on the 26th day of February, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: Jerry L. Malone
President

By: Teresa A. Jarvis
Member

By: Kenneth Deiner
Member

By: Jeffery D. Houchin
Member

By: _____
Member

ATTEST:
John V. Sage
Secretary

Given under my hand this 26 day of February, 1996

John V. Sage
Secretary of the Board of Education
of the County of Calhoun

Certification of the Results of

The May 14, 1996 School Bond Election

The board of canvassers of the county of Calhoun, State of West Virginia, having carefully and impartially examined the returns of the primary election held is said county on the 14th day of May, 1996, do hereby certify that in said county or district, at said election, on the official ballot of the Calhoun County School Bond the results are as follows:

For the Bond	1,292
Against the Bond	1,256

Dated: May 21, 1996

Larry A. McCallister
President

Larry Cottrell
Commissioner

Willis L. Gaines
Commissioner

SPECIAL JOINT MEETING
CALHOUN COUNTY COMMISSION AND BOARD OF EDUCATION
CALHOUN COUNTY COURTHOUSE
FRIDAY, MAY 17, 1996 - 9:00 A.M.

The meeting was called to order by County Commission President, Larry McCallister and Board of Education President, Jerry Malona at 9:00 a.m.

President McCallister started the meeting by saying he had a discussion with Mr. Morgan, Prosecuting Attorney, about counting challenged ballots. Mr. Morgan told him it was the opinion of he and the judge that challenged ballots should be counted if the voter was registered.

Ms. Jarvis moved and Mr. Houchin seconded to canvass the School Bond Election Ballots. Motion carried unanimously.

Recess for lunch was by consensus at 12:11 until 12:40 p.m.

Canvass of the ballots showed the following for the school bond election:

PRECINCT	FOR THE BOND	AGAINST THE BOND
PRECINCT 1 - BROOKSVILLE 3 CHALLENGED BALLOTS: 1 NOT REGISTERED	1	1
PRECINCT 2 - COURTHOUSE 8 CHALLENGED BALLOTS: 2 DISALLOWED	4	2
PRECINCT 5 - BIG SPRINGS 5 CHALLENGED BALLOTS:	4	1
PRECINCT 6 - BOARD OFFICE 1 CHALLENGED, NOT REGISTERED	0	0
PRECINCT 7 - COUNTY PARK 5 CHALLENGED 2 NOT REGISTERED	3	0
PRECINCT 8 - PLEASANT HILL 1 CHALLENGED	1	
PRECINCT 10 - ARNOLDSBURG 8 CHALLENGED 2 NOT REGISTERED	4	2

SPECIAL JOINT MEETING
FRIDAY, MAY 17, 1996

PRECINCT 11 - HUR/DANIELS RUN		
4 CHALLENGED	0	4
PRECINCT 15 - ORMA		
3 CHALLENGED		
NONE REGISTERED	0	0
PRECINCT 19 - MINNORA		
4 CHALLENGED		
3 NOT REGISTERED	0	1
TOTALS:	17	11

The canvass of ballots produced the following vote totals regarding the school bond: For the bond 1,292; Against the bond 1,256. This increased the passage margin from 30 to 36 votes.

Mr. Houchin moved and Ms. Jarvis seconded that the meeting adjourn at 1:06 p.m. Motion carried unanimously. The results will be certified Tuesday, May 21, 1996, at 4:30 p.m.

Those present:

Larry Cottrell, County Commission
Tom Gainer, County Commission
John H. Hager, Superintendent of Schools
Jeffery Houchin, Board of Education
Leisa Jarvis, Board of Education
Richard Kirby, County Clerk
Jerry Malona, Board of Education
Larry McCallister, County Commission
Steve Johnson, Magistrate

John H. Hager
Secretary

Jerry M. Malona
President

CALHOUN COUNTY BOARD OF EDUCATION

RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, The Board of Education of the County of Calhoun (the "Issuer"), has heretofore, on the 26th day of February, 1996, made and entered of record an order upon the question of authorizing bonds in the amount of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000) to be issued and sold for the purpose of providing funds for making certain improvements in Calhoun County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 14th day of May, 1996, 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 Board of Education of Calhoun County, sitting as The Board of Canvassers of the County of Calhoun on the 21st day of May, 1996, was one thousand two hundred ninety-two (1,292) votes for and one thousand two hundred fifty-six (1,256) votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, fifty and 71/100 percent (50.71%) voting upon said proposition at said election, voted for the issuance of said bonds; and

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 CALHOUN AS FOLLOWS:

1. Bonds in the aggregate principal amount of $3,370,000 (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 inhabitants of the District. Upon completion of the Projects and payment therefor 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 eight percent (8%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable in the principal amounts and shall mature as follows:

Bonds in the amount of $135,000.00 due and payable May 1, 1998;

Bonds in the amount of $145,000.00 due and payable May 1, 1999;

Bonds in the amount of $155,000.00 due and payable May 1, 2000;

Bonds in the amount of $165,000.00 due and payable May 1, 2001;

Bonds in the amount of $175,000.00 due and payable May 1, 2002;

Bonds in the amount of $190,000.00 due and payable May 1, 2003;

Bonds in the amount of $200,000.00 due and payable May 1, 2004;

Bonds in the amount of $215,000.00 due and payable May 1, 2005;

Bonds in the amount of $230,000.00 due and payable May 1, 2006;

Bonds in the amount of $245,000.00 due and payable May 1, 2007;

Bonds in the amount of $265,000.00 due and payable May 1, 2008;

Bonds in the amount of $280,000.00 due and payable May 1, 2009;

Bonds in the amount of $300,000.00 due and payable May 1, 2010;

Bonds in the amount of $325,000.00 due and payable May 1, 2011; and

Bonds in the amount of $345,000.00 due and payable May 1, 2012.

3. Bonds maturing on and after May 1, 2006, shall be subject to redemption prior to maturity, in whole at any time or in part on any Interest Payment Date, at the option of the Issuer at the redemption prices (expressed as a percentage of principal amount to be redeemed) set forth in the table below, plus accrued interest to the date fixed for redemption.

Redemption Dates (Both Dates Inclusive)	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101
May 1, 2008 and thereafter	100

Whenever the Bonds shall be redeemed in part, in case a fully registered Bond is of a denomination larger than $5,000, a portion of such fully registered Bond ($5,000 or any integral multiple thereof) may be redeemed, but the Bonds shall be redeemed only in the principal amount of $5,000 each or any integral multiple thereof.

Notice of the call for any such redemption identifying the Bonds to be redeemed shall be promulgated by the Paying Agent, as defined below, at the request of and on behalf and in the name of the Issuer by mailing a copy of the redemption notice by registered or certified mail at least thirty (30) days prior to the Date of Redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

Prior to the Date of Redemption, cash funds shall be placed with the Paying Agent to pay the principal amount of Bonds called, accrued interest thereon to the

Date of Redemption and the required premium, if any. Upon the happening of the above conditions, the Bonds or portions thereof so designated for redemption shall become and be due and payable on the Date of Redemption at the applicable redemption price hereinabove specified, and from and after said date, unless default shall be made in the payment of the Bonds or portions thereof so designated for redemption, interest on the Bonds or portions thereof so designated for redemption shall cease to accrue and interest coupons maturing after the Date of Redemption shall become void, and the same shall not be deemed to be outstanding.

Upon surrender of any Bond for redemption in part only, the Paying Agent shall authenticate and deliver to the holder thereof a new Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered, such Bonds to be fully registered Bonds.

4. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the office of The City National Bank of Charleston (the "Paying Agent"), to be designated by the Board of Investments of the State of West Virginia, as agent for the Board of Investments, 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 maturity.

5. The Bonds shall be issued under the five percent (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 thirty-four (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.

6. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Three Million Three Hundred Seventy Thousand Dollars ($3,370,000), together with all other bonds of the District currently outstanding, does not exceed or violate any provisions or limitations in any manner provided by the School Bond Amendment and the Better Schools Amendment.

7. 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."

8. 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, 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 and made 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").

9. 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.

10. 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 of the Bonds ("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 Resolution and Order. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled 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.

11. The Issuer shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (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 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 five percent (5%) of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) in excess of five percent (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 five percent (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.

12. The Issuer shall assure that not in excess of five percent (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.

13. The Issuer shall not take any action or permit or suffer any action to be taken, the result of which would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended, or any successor provision (the "Code"), and Regulations promulgated thereunder.

14. 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.

15. 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 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.

16. The Issuer hereby covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that ninety-five percent (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); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000.

17. The Issuer hereby designates the Bonds as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Code.

18. 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.

19. 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 primary election held on the 14th day of May, 1996, 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 and do further acts as may legally be required by any individual or corporate purchaser of the Bonds hereby authorized or any of them.

20. Before offering the Bonds hereby authorized for sale, they shall first be advertised as required by Section 21, Article 1, Chapter 13 of the Code of West Virginia, and the officers of the Issuer are hereby authorized to place such advertisement as required thereby.

21. This Resolution and Order shall be effective immediately upon its adoption and entry of record.

Adopted and entered of record this 3rd day of June, 1996.

CALHOUN COUNTY BOARD OF EDUCATION

By: Jerry N. Malone
President

ATTEST:

By: John W. Hager
Secretary

EXHIBIT A

[FORM OF BOND]

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Jon A. Ramthun, Vice President of Municipal Trading & Underwriting, for and on behalf of Crestar Securities Corporation (the "Purchaser"), and Kenneth T. Heiney, President, and Tilden Hackworth, Secretary, of THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN (the "Issuer"), hereby certify as follows:

1. On the 10th day of September, 1996, in Charleston, West Virginia, the Purchaser received the entire original issue of $3,370,000 in aggregate principal amount of The Board of Education of the County of Calhoun Public School Bonds, Series 1996 (the "Bonds"). The Bonds, as so received on original issuance, are in various denominations, are dated September 1, 1996, and are numbered from R-1 to R-15, inclusive.

2. At the time of such receipt of the Bonds, all the Bonds had been executed by Kenneth T. Heiney and Tilden Hackworth, President and Secretary, respectively, of the Issuer, by their respective facsimile signatures, and the official seal of the Issuer had been imprinted upon each Bond, and each Bond had been authenticated by The City National Bank of Charleston, as Registrar and Paying Agent.

3. The Issuer has received and hereby acknowledges receipt from the Purchaser, as the original purchaser of the Bonds, of the proceeds of the Bonds, as follows:

Total Bond Proceeds:

Purchase Price (100% of par)	$3,370,000.00
Premium	24.24
Interest Accrued from September 1, 1996, to date of delivery	4,281.97
TOTAL	$3,374,306.21

Payment for the Bonds was made in Federal Funds in the amount of $3,306,906.21 on the date hereof, plus $67,400.00 previously paid in the form of a good-faith deposit (total of $3,374,306.21).

IN WITNESS WHEREOF, Jon A. Ramthun, Vice President of Municipal Trading & Underwriting for Crestar Securities Corporation, duly signed and delivered this receipt on behalf of the Purchaser, and THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

has caused this receipt to be executed by its President and Secretary, as of this 10th day of September, 1996.

CRESTAR SECURITIES CORPORATION

By: _____
Vice President of Municipal
Trading & Underwriting

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA

By: _____
President

By: _____
Secretary

has caused this receipt to be executed by its President and Secretary, as of this 10th day of September, 1996.

CRESTAR SECURITIES CORPORATION

By: _____
Vice President of Municipal
Trading & Underwriting

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA

By: _____
President

By: _____
Secretary

IN THE MATTER OF THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, STATE OF WEST VIRGINIA, $3,370,000 PUBLIC SCHOOL BONDS, SERIES 1996

ATTORNEY GENERAL'S APPROVAL

At the regular session of the Board of Education of the County of Calhoun, State of West Virginia, held on the 26th day of February, 1996, an order was entered of record authorizing a vote to be taken by the legal voters of the County of Calhoun at the primary election to be held on the 14th day of May, 1996, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000), 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 for the purpose of:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431
Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.		$215,649

Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.	$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.	$532,983
TOTAL ESTIMATED COSTS	$3,370,000

The Board of Education of the County of Calhoun, 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 duly certified copies of all the 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 on the proposition of incurring debt and issuing bonds, as provided in said order, one thousand two hundred ninety-two (1,292) votes were cast for and one thousand two hundred fifty-six (1,256) votes were cast against the issuance of said bonds, so that fifty and 71/100 percent (50.71%) of the voters in said election voted in favor of incurring debt and issuing bonds as provided in said order.

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.

Upon advice of counsel

Darrell V. McGraw, Jr.

ATTORNEY GENERAL OF WEST VIRGINIA

Charleston, West Virginia
June 14, 1996

Standard & Poor's Ratings Services,
A Division of The McGraw-Hill Companies, Inc.
Public Finance Department
25 Broadway
New York, New York 10004-1064

Hyman C. Grossman
Managing Director
Telephone 212/208-1752
Reference No.: 924054

August 5, 1996

Ms. Connie Roberts
Director of Finance/Treasurer
Calhoun County Board of Education
RRI - Box 1E
Grantsville, WV 26147

Re: ***$3,370,000 Calhoun County Board of Education, West Virginia, General Obligation Public School Bonds, Series 1996, dated: September 1, 1996, due: May 1, 1998-2012***

Dear Ms. Roberts:

Pursuant to your request for a Standard & Poor's ("S&P") 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 'A' to the obligations. S&P views the outlook for this rating over the intermediate to longer term as stable.

In order to maintain ongoing rating surveillance on the obligations, we must receive annual audits and budgets and for project revenue bonds; progress reports, at least quarterly, to be sent to:

Standard & Poor's Ratings Services, Secondary Markets
25 Broadway - Drop Box No. 1
New York, NY 10004-1064

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. Our bill for the analytical work performed will be sent to you in due course. If you have any questions, please contact us.

Very truly yours,

ed

cc: Ms. Marie L. Prezioso, Senior Vice President
Ferris Baker Watts, Inc.
Public Finance Department
170 Laidley Tower
Charleston, WV 25301

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN
PUBLIC SCHOOL BONDS, SERIES 1996
(WEST VIRGINIA)

NO. R-1 $135,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
6.625%	May 1, 1998	September 1, 1996	129748 AA 7

REGISTERED OWNER: CEDE & CO. SPECIMEN

PRINCIPAL AMOUNT: One Hundred Thirty Five Thousand and 00/100 Dollars

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, Calhoun County, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), 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 preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) 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 of each year, beginning May 1, 1997 (each an "Interest Payment Date"). The Board of Investments of the State of West Virginia has designated The City National Bank of Charleston, Charleston, West Virginia, as its agent to act in the capacities of registrar and paying agent for the Bonds (the "Paying Agent"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the Paying Agent in Charleston, West Virginia; and interest on this Bond is payable by check or draft, mailed to the Registered Owner at his address as it appears on the books of the Paying Agent on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

SPECIMEN

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND HEREINAFTER SET FORTH, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

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 Board 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

SPECIMEN

other indebtedness of the Board, does not exceed any statutory or constitutional limitation thereon.

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

The Board has covenanted in the Resolution and Order described on the reverse hereof that it shall include in its budget the amount of the debt service for each fiscal year of the Board 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.

The Board 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.

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.

SPECIMEN

The Board 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 Resolution and Order nor shall it be valid, obligatory or enforceable for any purpose until the Certificate of Authentication and Registration shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN 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 Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF CALHOUN

(SEAL)

SPECIMEN

President

Secretary

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, 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 Goodwin & Goodwin, 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.

Dated: September 10, 1996.

THE CITY NATIONAL BANK OF CHARLESTON,
as Registrar

SPECIMEN

By: _____
Senior Vice President

FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 1996" (the "Bonds"), issued by the Board in the aggregate principal amount of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000). The Bonds were authorized to be issued by a majority of voters at the primary election held on May 14, 1996. 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 (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, rehabilitation and renovation of various schools, with all necessary appurtenances, situated in Calhoun 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 amount which the transferee is entitled to receive at the earliest practicable time. The Board 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 Board 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 Board 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 Resolution, against any member, officer or employee, past, present or future, of the Board or of any successor body, as such, either directly or through the Board 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.

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.

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 Code of West Virginia of 1931, as amended; that notice of my approval hereof was published as required by Section 25 of said 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 approval 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 Calhoun, a corporation, the authority issuing the same, and upon the taxable property within Calhoun 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 the 10th day of September, 1996.

SPECIMEN

Attorney General of the State of West Virginia

GOODWIN & GOODWIN
(Form of Legal Opinion of Bond Counsel)

Charleston

September 10, 1996

The Board of Education of the
County of Calhoun
Rt. 1, Box 1E
Grantsville, WV 26147

SPECIMEN

Re: $3,370,000 The Board of Education of Calhoun County West Virginia), Public School Bonds, Series 1996

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $3,370,000 Public School Bonds, Series 1996 (the "Bonds"), of Calhoun County School District, by and through The Board of Education of the County of Calhoun (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated September 1, 1996, 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 May 1, 1997, as follows:

SPECIMEN

Year	Principal Amount	Interest Rate
1998	$135,000	6.625%
1999	145,000	5.875%
2000	155,000	5.875%
2001	165,000	5.625%
2002	175,000	5.125%
2003	190,000	4.625%
2004	200,000	4.625%
2005	215,000	4.65%
2006	230,000	4.75%
2007	245,000	4.85%
2008	265,000	4.95%
2009	280,000	5.00%
2010	300,000	5.00%
2011	325,000	5.00%
2012	345,000	5.00%

The Bonds were authorized at the primary election held in Calhoun County School District on May 14, 1996, and by a Resolution and Order adopted by the Issuer (the "Resolution") on June 3, 1996, 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 and equipping of various school projects, with all necessary appurtenances thereto, and for the renovation and rehabilitation of various other public schools situated in Calhoun 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.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution 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 power and is obligated to levy ad valorem taxes upon all the taxable property within Calhoun County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds, including original issue discount properly allocable to owners of those Bonds maturing May 1, 2009 through May 1, 2012 identified as "original issue discount bonds" by the purchasers thereof, 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 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 reported income or earnings and profits 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 Tax Certificate of the Issuer. Failure to comply with 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 arising with respect to the Bonds.

4. Under the Act, as presently written and applied, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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 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 Calhoun 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.

Respectfully submitted,

SPECIMEN

GOODWIN & GOODWIN

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The City National Bank of Charleston
3601 MacCorkle Ave., S.E.
Charleston, WV 25304

Gentlemen:

There are delivered to you herewith:

1. Bonds Nos. R-1 through R-15, constituting the entire original issue of The Board of Education of the County of Calhoun Public School Bonds, Series 1996, dated September 1, 1996, in the aggregate principal amount of $3,370,000 (the "Bonds") executed by the President and Secretary of The Board of Education of the County of Calhoun (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on June 3, 1996 (the "Resolution");

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

3. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification information as requested by you (see below);

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

You are hereby requested and authorized to authenticate, register the Bonds in the name of "CEDE & Co." and deliver the Bonds to The Depository Trust Company in New York, New York, on behalf of Crestar Securities Corporation, as original purchaser thereof.

Dated this 10th day of September, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA

By: _____
President

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 1996

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

1. TERMS
2. NO LITIGATION
3. AWARD OF BONDS; SIGNATURES
4. DELIVERY AND PAYMENT
5. CERTIFICATION OF DOCUMENTS
6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
7. MEETINGS, ETC.
8. INCUMBENCY; AND OFFICIAL NAME
9. OFFICIAL STATEMENT CERTIFICATION
10. DESIGNATION OF REGISTRAR AND PAYING AGENT

We, the undersigned PRESIDENT and SECRETARY of The Board of Education of the County of Calhoun, West Virginia (the "Issuer") hereby certify in connection with the $3,370,000 aggregate principal amount of The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution and Order Directing Issuance of Bonds of the Issuer, adopted June 3, 1996 (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, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale 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, the authority or titles of the President and Assistant Secretary and the members of the Issuer 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, except as noted in the opinion delivered herewith by the Attorney for the Issuer, or

the acquisition and construction of the Project 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 Code of West Virginia of 1931, as amended (the "Act"), the Bonds were advertised for sale and six (6) bids were received, the best bid being that of Crestar Securities Corporation, all as appears from the minutes on award of the Bonds, a copy of which is delivered herewith. The Bonds were thereupon awarded to Crestar Securities Corporation (the "Purchaser"), at the price of $3,370,000, plus accrued interest to the date of delivery of the Bonds. The Bonds were duly signed by the duly established facsimile signatures of the President and Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was imprinted thereon.

4. DELIVERY AND PAYMENT: The undersigned President did, on the date hereof, deliver to the Purchaser, the entire issue of the Bonds, in various denominations and numbered R-1 to R-10, inclusive.

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

Purchase Price	$3,370,000.00
Premium	24.24
Plus accrued interest from September 1, 1996	4,281.97
Less Good-Faith Deposit	(67,400.00)
Amount received at Bond Delivery	3,306,906.21
Total Received	$3,374,306.21

5. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Minutes (or excerpt) of various Board Meetings

Bond Election Order

Resolution and Order Directing Issuance of Bonds

Attorney General's Approval

Affidavit of Publication of Attorney General's Approval

Bid of Crestar Securities Corporation

Certificate of Valuations

Copy of Letter of Clerk of Supreme Court of Appeals

Affidavits of Publication of Notice of Sale

Preliminary Official Statement

Official Statement

Specimen Bond

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 30, 1995, except as may be set forth in the Official Statement. There is no 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 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 of 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 Calhoun" and it is a validly existing school board and public corporation of the State of West Virginia, and constitutes the governing body of Calhoun County School District, in Calhoun County of said State. The Issuer is composed of five (5) members. The names, offices 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
Kenneth T. Heiney	7/1/94	6/30/98
Jerry N. Malona	7/1/94	6/30/98
Carlene Frederick	7/1/94	6/30/98
Ralph J. Cunningham	7/1/96	6/30/2000
Elmer Lee Evans	7/1/96	6/30/2000

The duly appointed Superintendent and Secretary of the Issuer is Mr. Tilden Hackworth, whose term expires June 30, 1999.

The Counsel ("Attorney") for the Issuer is Bowles, Rice, McDavid, Graff & Love.

9. OFFICIAL STATEMENT CERTIFICATION: The Issuer has duly authorized the execution, delivery and distribution of the Official Statement. At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

10. DESIGNATION OF REGISTRAR AND PAYING AGENT: The Issuer hereby confirms the appointment of The City National Bank of Charleston, as Registrar and Paying Agent.

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN on this 10th day of September, 1996.

[SEAL]

Signature	Official Title
Kenneth Heaney	President
Tilden L Hackworth	Secretary

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 1996

CONTINUING DISCLOSURE CERTIFICATE

The Board of Education of the County of Calhoun, West Virginia (the "Issuer") hereby certifies in connection with the $3,370,000 aggregate principal amount of The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996 (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 Rt. 1, Box 1E, Grantsville, West Virginia 26147, (304) 354-7011 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 CALHOUN, WEST VIRGINIA

By: Kenneth Heiney
President

ATTEST:

Secretary

EXHIBIT A

Filing information relating to the Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission (subject to change):

Bloomberg Municipal Repository
P.O. Box 840
Princeton, NJ 08542-0840
Internet address:
MUNIS@bloomberg.com
(609)279-3235
FAX (609)279-5963
Contact: David Campbell

TMS/The Bond Buyer
Municipal Disclosure
395 Hudson Street, 3 Floor
New York, New York 10014
Internet Address:
Disclosure@muller.com
(212)807-3814 or (800)477-7621
Attn: Municipal Disclosure
Contact: Laura M. Guadagno

Disclosure Inc.
Document Acquisition/Municipal Securities
5161 River Road
Bethesda, MD 20816
(301)951-1450
FAX (301)718-2329
Contact: Barry Sugarman
(301)215-6015

JJ Kenny Information Services
Repository
65 Broadway, 16th Floor
New York, New York 10006
(212)770-4568
FAX (212)797-7994
Contact: Joan Horai, Repository

Municipal Securities Disclosure Archive
559 Main Street
Hudson, MA 01749
Internet Address:
HTTP://WWW.Municipal.com
(800)580-3670
FAX (508)562-8899

Moody's NRMSIR
Public Finance Information Center
99 Church Street
New York, New York 10007-2796
Internet Address:
NRMSIR@Moodys.com
(800)339-6306
FAX (212)553-1460
Contact: Claudette Stephenson
(212)553-0345

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN
PUBLIC SCHOOL BONDS, SERIES 1996

TAX AND NON-ARBITRAGE CERTIFICATE OF ISSUER

I, Kenneth T. Heiney, President of The Board of Education of the County of Calhoun, Grantsville, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $3,370,000 aggregate principal amount of Public School Bonds, Series 1996, of the Issuer, dated September 1, 1996, upon original issuance (the "Bonds"), hereby certify as follows:

ARTICLE I

PRELIMINARY MATTERS

Section 1.1. 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 one of the officers 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.

Section 1.2. This certificate may be relied upon as the certificate of the Issuer.

Section 1.3. 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 obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

Section 1.4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 10, 1996, 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.

Section 1.5. In the Resolution and Order pursuant to which the Bonds are issued (the "Resolution"), the Issuer has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 1.6. The Bonds were sold on September 10, 1996, to Crestar Securities Corporation, in New York, New York (the "Purchaser") upon competitive bid for an aggregate purchase price of $3,370,000 (100% of par) plus a premium of $24.24, plus interest accrued from September 1, 1996 until delivery in the amount of $4,281.97 (total proceeds of $3,374,306.21).

Section 1.7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition, construction and equipping of new school projects and repair and renovation of certain other public school buildings in Calhoun County School District (the "Project"), capitalizing interest on the Bonds and paying costs of issuance thereof.

ARTICLE II

THE PROJECT AND USE OF BOND PROCEEDS

Section 2.1. 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.

Section 2.2. 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.

Section 2.3. The proceeds of the Bonds are being used to finance the Project, consisting of acquisition, construction and equipping of new school projects and repair and renovation of certain other public school buildings in Calhoun County School District, to capitalize interest on the Bonds during construction of the Project and to pay costs of issuance of the Bonds.

Section 2.4. 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.

Section 2.5. The Project is used only in activities directly related to the Issuer's exempt purpose. No other person

owns or uses the Project to any material extent, 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.

ARTICLE III

REBATES

Section 3.1. The Issuer certifies that it is exempt from the rebate requirements of the Code as it is an issuer with general taxing power which reasonably anticipates issuing no more than the $3,370,000 in bonds during calendar year 1996 in order to assure the continued tax-exempt status.

ARTICLE IV

FEDERAL GUARANTEES

Section 4.1. The Issuer represents that payment of principal of or interest on the Bonds is not guaranteed in whole or in part, directly or indirectly, by the United States (or any agency or instrumentality thereof), and no portion of the proceeds of the Bonds is to be invested, directly or indirectly, in federally insured deposits or accounts.

Section 4.2. The Issuer covenants that it will not enter into any contracts or agreements with the United States or any agency or instrumentality thereof that would cause the representations set forth in the preceding paragraph to be false.

ARTICLE V

ARBITRAGE COVENANTS

Section 5.1. Compliance with Code. The Issuer covenants that it will not make an investment or other use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto, and that it will comply with the requirements of the Code and Regulations throughout the term of the Bonds. The Issuer shall not make any investment inconsistent with the foregoing covenants.

Section 5.2. The Issuer covenants to the Bondholders that it will not take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which it has control, which action or inaction would cause the interest on the Bonds to be subject to Federal income tax to a greater extent than on the date of issuance of the Bonds.

Section 5.3. The Issuer shall, within six (6) months following delivery of the Bonds, enter into agreements which require the Issuer to expend in excess of $100,000 on the Project. Acquisition, construction and equipping of the Project will commence on or prior to March 10, 1997, and will proceed with due diligence to completion, and, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon will be expended for payment of Costs of the Project on or before August 1998. Construction of the Project is expected to be completed by August 1998.

Section 5.4. The total cost of the Project is estimated at $16,600,000. The amount of Project costs expected to be reimbursed or paid from sources other than proceeds of the Bonds and earnings thereon is estimated to be $13,223,000. Except for the proceeds of the Bonds, and earnings thereon prior to their expenditure for costs of the Project, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

Section 5.5. Proceeds of the Bonds will be deposited as follows:

(1) The sum of $114,185.83 will be deposited in the Sinking Fund with the West Virginia Municipal Bond Commission (the "Commission") to pay interest on the Bonds during acquisition and construction of the Project.

(2) The balance of the proceeds of the Bond will be deposited in the Construction Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 5.6. All moneys in the Sinking Fund will be held for the payment of the interest to accrue on the Bonds on or prior to the maturity thereof. Moneys held in the Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project.

Section 5.7. Pursuant to the provisions of the Resolution and the laws of the State of West Virginia, the Issuer is obligated to make payments in amounts sufficient to provide for the payment of debt service on the Bonds when due. The Issuer will deposit tax revenues at least twice each year (in September and in March) with the Commission to be held and applied by the Commission as provided in this paragraph. The Commission will establish two accounts, the "Debt Service Account" and the "Surplus Collection Account" in connection with the Bonds. Upon receipt of the tax revenues from the Issuer, the Commission will deposit such revenues

into the Debt Service Account. The Debt Service Account will be used primarily to achieve a proper matching of revenues and debt service within each bond year. Deposits to the Debt Service Account will be expended to pay debt service on the Bonds or transferred to the Surplus Collection Account within a 13-month period from the date of deposit. Any amount received from investment of monies held in the Debt Service Account will be expended to pay debt service on the Bonds or transferred to the Surplus Collection Account within a one-year period from date of receipt. The Debt Service Account will empty completely on March 1 of each year except for a reasonable carryover amount not to exceed 1/12th of annual debt service on the Bonds or one-year's earnings on the Debt Service Account. Except for the Debt Service Account and the Surplus Collection Account, the Issuer reasonably expects that there will be no other funds or accounts (i) which are reasonably expected to be used or to pay principal, premium, if any, and or interest 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 if needed. The Issuer has not created or established and does not expect to create or establish any other sinking fund, reserve fund, replacement fund, debt service fund, or other similar fund reasonably expected to be used, or to be available to pay, if needed, debt service on the Bonds. No amount in any account or fund of the Issuer (other than amounts held under the provisions of the Resolution) is reserved or pledged for the payment of debt service on the Bonds, and it is not expected that any other such account or fund will be so used and there is no reasonable assurance that any portion of any other account or fund will be available to pay debt service on the Bonds if needed. As of the date hereof, the Issuer does not reasonably expect to receive from any federal, state, individual, or other source, any gift, bequest, grant, reimbursement or amount with respect to the Project, which gift, bequest, grant, reimbursement or amount has not been considered in determining the principal amount of the Bonds and will be reserved or pledged, contrary to the provisions of the Code, as collateral or security for the payment of debt service on the Bonds. No portion of the proceeds of the Bonds will be used as a substitute for other funds which would otherwise have been used to pay the principal of or interest on the Bonds and which will be used directly or indirectly to acquire obligations producing a yield in excess of the yield on the Bonds.

Section 5.8. Funds in the Debt Service Account will be invested without regard to restrictions on yield. Funds in the Surplus Collection Account will be invested at a restricted yield not in excess of the yield on the Bonds.

Section 5.9. The Issuer expects that no part of the Project financed by Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

Section 5.10. With the exception of the amounts deposited in the Sinking Fund for payment of interest on the Bonds, all of the proceeds of the Bonds will be expended on the Project within 3 years from the date of issuance thereof.

Section 5.11. Any money deposited in the Sinking Fund for payment of the principal of or interest on the Bonds will be spent within a 13-month period beginning on the date of receipt.

Section 5.12. The Issuer shall rebate to the United States the amounts required by the Code, and shall 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 obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 5.13. The Issuer has general taxing powers to finance operations of or facilities of the nature of the Project, and the Issuer and all subordinate entities reasonably expect to issue no more than $5,000,000 of tax-exempt bonds during the calendar year in which the Bonds are to be issued and, in fact have issued no other tax-exempt obligations during the current calendar year.

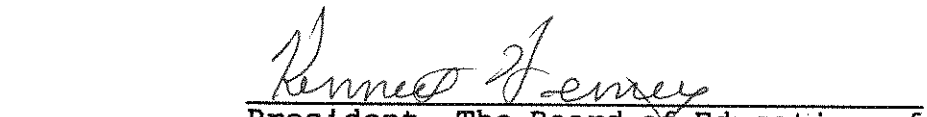
Section 5.14. The Issuer will take all further actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 5.15. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

Section 5.16. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

Section 5.17. Goodwin & Goodwin is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of the Bonds.

IN WITNESS WHEREOF, I have set my hand this 10th day of September, 1996.



President, The Board of Education of the County of Calhoun

ASSESSOR'S CERTIFICATE

I hereby certify that the attached Amended Certificate of Valuations dated March 3, 1995, is a true and correct copy of the original issued by the Assessor of Calhoun County.

Given under my hand this 17th day of June, 1996.

Ronald Layfield
Assessor

AMENDED

CID 12:32-4
(Rev.1995)

CERTIFICATE OF VALUATIONS

BOARD OF EDUCATION (Levying Body), CALHOUN COUNTY (County)

To SCHOOL BOARD SECRETARY
(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 19 95.

	Assessed Valuation (Gross)	Assessed Valuation for Tax Purposes (Without Homestead)
CLASS I		
Personal Property		$ 2,939,498
Public Utility Property		2,274,100
Total Class I		$ 5,213,598 ✓
CLASS II		
Real Estate	$ 52,307,780	$ 39,818,530
Personal Property	557,910	493,560
Total Class II	$ 52,865,690	$ 40,312,090 ✓
CLASS III		
Real Estate		$ 20,139,720
Personal Property		29,108,903
Public Utility Property		18,963,100
Total Class III		$ 68,211,723 ✓
CLASS IV		
Real Estate		$ 3,822,880
Personal Property		1,744,703
Public Utility Property		1,026,600
Total Class IV		$ 6,594,183
TOTAL FOR LEVYING BODY	$ 132,885,194	$ 120,331,594

Given under our hands this 3rd day of March, 19 95.

COUNTY CLERK — Ronald Layfield — ASSESSOR

NOTE:
The above certificate must be in the hands of the levying body not 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 the value of Public Utility Property assessed by the Board of Public Works. To avoid confusion, this joint certificate is to be used.

White Copy - Levying Body
Yellow Copy - Tax Dept.
Pink Copy - Retain
Goldenrod - State Dept. of Education

This is a four-part form: When completed submit white copy to the levying body, yellow copy to the Department of Tax and Revenue, P. O. Box 3102, Charleston, WV 25331-3102, pink copy for office file, and submit goldenrod copy to State Dept. of Education

80000 SERIES
10% P.C.W.

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

CERTIFICATE OF BONDED INDEBTEDNESS

I, Tilden Hackworth, Superintendent of Schools of the County of Calhoun and Secretary of the Board of Education of said County, hereby certify that the Calhoun County School District had no outstanding bonded indebtedness as of February 26, 1996, the date on which said Board entered an order submitting the question of issuance of $3,370,000 Public School Bonds to an election (which election was held on May 14, 1996, and resulted in approval by the voters of Calhoun County School District of issuance of such Bonds).

The assessed valuation of taxable property in Calhoun County School District at said date was $120,331,594 and five percent (5%) thereof is $6,016,579.70.

WITNESS my signature and the seal of said Board on this the 10th day of September, 1996.

Superintendent and Secretary of
The Board of Education of Calhoun
County, West Virginia

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

PURCHASER'S CERTIFICATE

The undersigned, as purchaser (the "Purchaser") of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) All of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated August 22, 1996, relating to the Bonds, including interest accrued on the Bonds from September 1, 1996. We have made a bona fide public offering of all Bonds at the public offering price.

(b) To the best of our knowledge, based on our records and other information available to us which we believe to be correct, at least ten percent (10%) of each maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement, including interest accrued on the Bonds from September 1, 1996. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bonds houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Bonds from September 1, 1996.

(c) This certificate may be relied upon by the Issuer with respect to its Tax and Non-Arbitrage Certificate relating to the Bonds, and by Goodwin & Goodwin in rendering their tax opinion with respect to the Bonds.

Dated: September 10, 1996

CRESTAR SECURITIES CORPORATION

By: _____
Vice President of Municipal
Trading & Underwriting

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

REGISTRAR AND AUTHENTICATING AGENT'S CERTIFICATE

The undersigned, Charles Jarrell, Senior Vice President of The City National Bank of Charleston, Charleston, West Virginia, a national association (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds"):

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated September 10, 1996, by and between The Board of Education of the County of Calhoun (the "Issuer") and the Bank (the "Agreement").

2. The persons whose titles, names and signatures are set forth below hold the positions, by election or appointment by the Board of Directors of the Bank, shown opposite their respective names, and such persons have been named and designated as authorized officers of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Agreement.

Title	Name	Signature
Senior Vice President	Charles Jarrell	
Assistant Secretary	Robert Henson	

3. Charles Jarrell was duly authorized to, and did on or prior to the date hereof, execute and deliver the Agreement to the Issuer on behalf of the Bank.

4. The undersigned has received on or prior to the date hereof a direction on behalf of the Issuer to authenticate and deliver the Bonds to Crestar Securities Corporation, as original purchaser thereof.

5. The Bank has received from the Issuer on the date hereof the Bonds, in the respective numbers and denominations, maturing on June 1 of such years, and bearing interest at such rates, all as set forth in the Official Statement dated August 22, 1996, relating thereto. At the time of such receipt, each of the Bonds had been executed by the facsimile signature of the President and the seal of the Issuer had been impressed or affixed thereto and attested by the facsimile signature of the Secretary of the Issuer.

6. The Bank has duly authenticated the Bonds originally issued as of September 1, 1996, by manually executing on each of such Bonds a certificate in the following form:

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 and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Imprinted on the reverse hereof is the complete text of the opinion of Goodwin & Goodwin, 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.

THE CITY NATIONAL BANK OF CHARLESTON

By: /s/ Charles Jarrell
Senior Vice President

Dated: September 10, 1996

WITNESS MY SIGNATURE this the 10th day of September, 1996.

THE CITY NATIONAL BANK OF CHARLESTON

By: _____
Assistant Secretary

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

REPLY TO:

September 10, 1996

The Board of Education of the
County of Calhoun
Rt. 1, Box 1E
Grantsville, WV 26147

Re: $3,370,000 The Board of Education of Calhoun County Public School Bonds, Series 1996

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $3,370,000 Public School Bonds, Series 1996 (the "Bonds"), of Calhoun County School District, by and through The Board of Education of the County of Calhoun (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated September 1, 1996, 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 May 1, 1997, as follows:

Year	Principal Amount	Interest Rate
1998	$135,000	6.625%
1999	145,000	5.875%
2000	155,000	5.875%
2001	165,000	5.625%
2002	175,000	5.125%
2003	190,000	4.625%
2004	200,000	4.625%
2005	215,000	4.65%
2006	230,000	4.75%
2007	245,000	4.85%
2008	265,000	4.95%
2009	280,000	5.00%
2010	300,000	5.00%
2011	325,000	5.00%
2012	345,000	5.00%

The Bonds were authorized at the primary election held in Calhoun County School District on May 14, 1996, and by a Resolution and Order adopted by the Issuer (the "Resolution") on June 3, 1996, 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 and equipping of various school projects, with all necessary appurtenances thereto, and for the renovation and rehabilitation of various other public schools situated in Calhoun 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.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution 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 power and is obligated to levy ad valorem taxes upon all the taxable property within Calhoun County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds, including original issue discount properly allocable to owners of those Bonds maturing May 1, 2009 through May 1, 2012 identified as "original issue discount bonds" by the purchasers thereof, 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 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 reported income or earnings and profits 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 Tax Certificate of the Issuer. Failure to comply with 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 arising with respect to the Bonds.

4. Under the Act, as presently written and applied, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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 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 Calhoun 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.

Respectfully submitted,

GOODWIN & GOODWIN

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PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2851

REPLY TO:

September 10, 1996

Calhoun County Board of Education
Rt. 1, Box 1E
Grantsville, WV 26147

Ladies and Gentlemen:

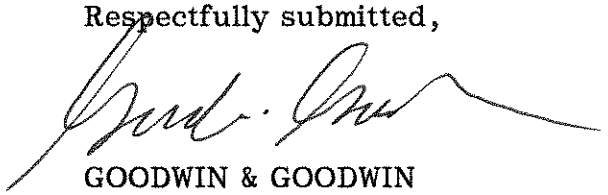
We have examined a transcript of proceedings relating to the issuance of $3,370,000 aggregate principal amount of Public School Bonds, Series 1996 (the "Bonds") of The Board of Education of the County of Calhoun (the "Issuer"), and a "Tax and Non-Arbitrage Certificate of Issuer" executed by the President of the Issuer on this date.

Based upon such Certificate, we are of the opinion that the facts, estimates and circumstances set forth therein are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent investigation or verification of the statements, expectations or representations set forth in such Certificate, no matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Bonds are not "arbitrage bonds" as so defined.

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for Federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

Respectfully submitted,



GOODWIN & GOODWIN

BOWLES RICE MCDAVID GRAFF & LOVE

ATTORNEYS AT LAW

1000 TECHNOLOGY DRIVE, SUITE 1330
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-4000

105 W. BURKE STREET
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TELEPHONE 502-589-0500

September 10, 1996

WRITER'S DIRECT DIAL NUMBER

(304) 420-5511

E-MAIL

The Board of Education of the
County of Calhoun
Rt. 1, Box 1E
Grantsville, West Virginia 26147

Goodwin & Goodwin
Post Office Box 2107
Charleston, West Virginia 25328

RE: $3,370,000 The Board of Education of the County of Calhoun (West Virginia) Public School Bonds, Series 1996

Ladies and Gentlemen:

We are Special Counsel to the Board of Education of the County of Calhoun, West Virginia (the "Board") with respect to the issuance and sale of its $3,370,000 Public School Bonds, Series 1996 (the "Bonds").

In connection with this opinion, we have examined originals, photocopies of originals or certified copies of the approving opinion of Goodwin & Goodwin, Charleston, West Virginia, as bond counsel, and the Resolution and Order (the "Resolution") relating to the Bonds, certificates of public officials, minutes of public meetings, certain other certificates and such other documents, records and instruments as we have deemed relevant and necessary as a basis for our opinion herein. We have also reviewed such matters of law as we have considered relevant for purposes of this opinion.

In the examination of such documents, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as certified or photostatic copies, and we have relied upon the aforesaid matters contained therein. We have relied upon the certificates of the Board with respect to the accuracy of material factual matters contained therein.

We have also assumed, without verification, for purposes of this opinion, the due authorization, execution and delivery by the Initial Purchaser and the Registrar of their respective agreements, certificates and undertakings, and that each constitutes the legal, valid and binding obligation of such party, enforceable in accordance with the terms thereof. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in said opinion and Resolution.

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

1. The Board 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 Calhoun 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 of the Board, enforceable in accordance with their terms, 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 and except that no opinion is expressed as to the enforceability of Section 4 of the Registrar's Agreement insofar as the provisions thereof require the Board to indemnify and hold harmless the Paying Agent in certain circumstances.

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

4. The Board is not, to the best of our knowledge after reasonable investigation, 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 note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Board is a party or to which the Board or any of the properties or assets of the public school facilities of Calhoun County are otherwise subject or bound, which breach or default, in any material way, directly or indirectly, would affect operation hereof, the issuance, execution or delivery of the Bonds or the validity thereof, the validity or enactment of the Resolution and Order or the execution or delivery of the Official Statement or the other instruments contemplated by any of such documents to which the Board 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 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, or other instrument to which the Board is a party or to which the Board or any of the properties or assets of the Board 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 Board 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. Additionally, no opinion is expressed as to the applicability and/or compliance with laws of the State of West Virginia concerning school closure proceedings and other requirements.

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 Board, or the titles of the officers and members of the Board to their respective offices, 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 Calhoun 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 Board, 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 Board, 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 Board, which would adversely affect the exemption of interest to be paid on the Bonds from federal income taxation, nor to our knowledge is there any basis therefor.

7. Subject to the limitations of this opinion and without having made any independent investigations of the operation or affairs of the Board, or any independent certification 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 to the best of our knowledge, information and belief, 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,

BOWLES RICE MCDAVID GRAFF & LOVE

Bowles Rice McDavid Graff & Love

CALHOUN COUNTY BOARD OF EDUCATION
MEETING
AUGUST 22, 1996

STATE OF WEST VIRGINIA:

COUNTY OF CALHOUN: At the Office of the Superintendent of Schools; Grantsville, West Virginia; Monday, August 19, 1996

MEMBERS PRESENT: Ralph Cunningham, Evans, Carlene Frederick, Kenneth Heiney, and Jerry Malona

MEMBERS ABSENT: Lee Evans

The meeting was called to order at 12:30 p.m. by President Heiney via teleconference in Harrisville, Ritchie County, West Virginia, with Vice-President Frederick conducting the meeting at the Office of the Superintendent.

The purpose of the meeting was to open and to consider bids to purchase the $3,360,000 Public School Bonds, Series 1996 (the "Bonds"), to be issued by the Board and to authorize the sale of the Bonds to the low bidder.

Marie L. Prezioso of Ferris, Baker Watts, Incorporated and William K. Bragg, Jr. of Goodwin & Goodwin were present by conference call. Mr. Hackworth, Superintendent, read the name of the low bidder for the purchase of the Bonds along with the blended interest rate for the entire issue to the Board members.

Mr. Cunningham moved and Mr. Malona seconded to accept the low bid of Crestar Securities Corporation and authorized Superintendent Hackworth to sign the official, formal bid proposal which was stated at a rate of 4.97%. Motion carried with all members voting in favor of the motion (4-0).

Mr. Malona moved and Mrs. Frederick seconded to accept City Window and Construction Company's bid for the foundation package for the new Middle/High School complex at an amount of $463,425.00. Motion carried unanimously. Ted Shriver, Gandee and Partners, informed the Board he had verbal approved from the School Building Authority.

Mr. Malona moved and Mr. Cunningham seconded to adjourn the meeting at 12:37 p.m. Motion carried unanimously.

Secretary

President

OTHERS PRESENT:
William K. Bragg, Jr.
Judi Coffman
Marie L. Prezioso
Donald S. Pitts
Jean Simers

CALHOUN COUNTY SCHOOLS

May 21, 1996

John H. Hager
Superintendent

Directors:

Judi Coffman
Curriculum
&
Instruction

Mona McCoy
Federal
Programs

Donald Pitts
Support
Services

Connie Roberts
Finance

To Whom It May Concern:

I, John H. Hager, Superintendent of Calhoun County Schools do hereby certify that the attached copies of minutes for the Calhoun County Board of Education bearing dates February 19, 1996, and February 26, 1996, are true copies of said minutes.

Cordially yours,

John H. Hager
Superintendent

Taken, subscribed and sworn to before the undersigned Notary Public this 21st day of May, 1996.

My commission expires August 12, 2002.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
Willadene Poling
Calhoun County Schools
P.O. Box 460
Grantsville, WV 26147
My commission expires August 12, 2002

Notary Public

Rural Route 1, Box 1E, Grantsville, WV 26147
Telephone: (304) 354-7011; Fax: (304) 354-7420

CALHOUN COUNTY BOARD OF EDUCATION MEETING
CENTRAL OFFICE
MONDAY, FEBRUARY 19, 1996 - 7:00 P.M.

AGENDA

ITEM 1 - ROLL CALL:

ITEM 2 - APPROVAL OF MINUTES: February 05, 1996

ITEM 3 - DELEGATIONS:

ITEM 4 - REPORTS:

ITEM 5 - OLD BUSINESS:

ITEM 6 - NEW BUSINESS:

A. Glenville State College - Student Teacher Assignments
B. WVU Extension - Energy Express Program
C. Proposed Bond Election - Designate the Following Companies:
    1. Goodwin & Goodwin - Bond Counsel
    2. Ferris Baker Watts - Bond Sales, etc.
        (No charge unless the bond passes)
D. American Red Cross - School Facilities For Use as Disaster Shelters
E. Volunteer/Conference/Facility and Transportation Requests

ITEM 7 - PERSONNEL: Jean Miller - High Schools That Work Coordinator

ITEM 8 - FINANCE:

A. Invoices
B. Supplements
C. Transfers

ITEM 9 - BOARD CONCERNS:

ITEM 10 - ADJOURNMENT:

Respectfully,

John H. Hager, Secretary

CALHOUN COUNTY
BOARD OF EDUCATION MEETING
MONDAY, FEBRUARY 19, 1996

STATE OF WEST VIRGINIA:

COUNTY OF CALHOUN: At the Office of the Superintendent of Schools; Grantsville, West Virginia; Monday, February 19, 1996, at 7:00 p.m.

MEMBERS PRESENT: Jerry Malona, Carlene Frederick, Kenneth Heiney, Jeffery Houchin, Leisa Jarvis

John H. Hager, Secretary

MEMBERS ABSENT: None

The meeting was called to order at 7:00 p.m. by the President, Jerry Malona.

The minutes were not acted upon pending changes.

Mr. Heiney moved and Mrs. Frederick seconded to approve the Glenville State College student teacher assignment schedule as presented for Spring 1996. Motion carried unanimously.

Mr. Houchin moved and Ms. Jarvis seconded to approve the WVU Extension Service's "Energy Express Program" for six weeks in the summer of 1996. Two school sites will be used, Arnoldsburg School serving Arnoldsburg/Minnora and Pleasant Hill School serving Brooksville/Pleasant Hill. Motion carried unanimously.

Mr. Heiney moved and Ms. Jarvis seconded to approve the proposed school bond in the amount of $3,370,000 to be placed on the election ballot on May 14, 1996. The bonds issue would be for a fifteen year period. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded to obtain Goodwin & Goodwin as bond counsel and Ferris, Baker, Watts as the investment counselors. Neither of the companies will receive any money if the bond does not pass. Motion carried unanimously.

Mr. Heiney moved and Mrs. Frederick seconded to approve the American Red Cross' statement of understanding between Calhoun County Schools and the American Red Cross Mid-Ohio Valley Chapter. This agreement would allow schools to be used as emergency disaster shelters. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded to approve the following requests. Motion carried unanimously.

CONFERENCE REQUESTS:

Sheri Davisson	Parkersburg	02/24/96
Mark Scroggins	Wheeling	03/07 thru 09/96
Susan Carper	Charleston	03/13/96
Linda Shock	Charleston	03/13/96
Pamela Bartlett	Parkersburg	03/15/96
Judith Kerns	Parkersburg	03/15/96
Larry Stinn	Parkersburg	03/15/96
Pamela Bartlett	Flatwoods	03/22 thru 23/96

FACILITY REQUESTS:

Loretta Smith	Pleasant Hill	02/23/96
Gary Richmond	Pleasant Hill	02/24/96
Jean Simers	Arnoldsburg	03/08/96
Kristie Collins	Pleasant Hill	Each Thursday 4:30-7:00 pm

TRANSPORTATION REQUESTS:

Sherry Justice	Glenville	02/19/96
Larry Stinn	Parkersburg	03/15/96
Grace Tallhamer	Park Barn	04/26/96
Shirley Chenoweth	Washington,DC	05/15 thru 19/96

Upon the Superintendent's recommendation, Mr. Houchin moved and Mrs. Frederick seconded to approve the employment of Melba Jean Miller as Coordinator of the High Schools That Work Program. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded that the following financial matters be approved. Motion carried unanimously (4-0).

INVOICES	-	$ 76,832.11
SUPPLEMENTS	-	119,582.61
INVOICES	-	4,130,09

Ms. Jarvis moved and Mr. Heiney seconded that the board enter into an executive session for the discussion of personnel at 8:23 p.m. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded that the meeting reconvene at 9:16 p.m. Motion carried unanimously.

Mr. Heiney moved and Ms. Jarvis seconded that the meeting adjourn at 9:17 p.m. Motion carried unanimously. The next meeting will be at the Central Office, Monday, February 26, 1996, at 7:30 p.m.

Others present:

Judi Coffman
Ralph Cunningham
Denzil Dye
Vivian Dye
Lee Evans
Phyllis Evans
Carolyn Heiney
Mona McCoy
Jean Miller
Donald Pitts
Roger Propst
Connie Roberts
Jackie Robinson
Jean Simers
Susan Starr

John L. Yager
Secretary

Jerry N. Malone
President

CALHOUN COUNTY BOARD OF EDUCATION MEETING
CENTRAL OFFICE
MONDAY, FEBRUARY 26, 1996 - 7:30 P.M.

AGENDA

ITEM 1 - ROLL CALL:

ITEM 2 - NEW BUSINESS:

A. Proposed Order For The Bond Election
B. Volunteer/Conference/Facility and Transportation Requests

ITEM 3 - ADJOURNMENT:

Respectfully,

John H. Hager, Secretary

CALHOUN COUNTY
BOARD OF EDUCATION MEETING
MONDAY, FEBRUARY 26, 1996

STATE OF WEST VIRGINIA:

COUNTY OF CALHOUN: At the Office of the Superintendent of Schools; Grantsville, West Virginia; Monday, February 26, 1996, at 7:40 p.m.

MEMBERS PRESENT: Jerry Malona, Kenneth Heiney, Jeffery Houchin, Leisa Jarvis

John H. Hager, Secretary

MEMBERS ABSENT: Carlene Frederick

The meeting was called to order at 7:40 p.m. by the President, Jerry Malona.

Mr. Heiney moved and Ms. Jarvis seconded that the proposed order for the bond election be approved as presented. Motion carried unanimously (4-0).

Mr. Houchin moved and Ms. Jarvis seconded that the following requests be approved. Motion carried unanimously (4-0).

ADULT VOLUNTEER COMMITMENT/AGREEMENT:

Kimberly Kerby	Arnoldsburg School	

CONFERENCE REQUESTS:

Judi Coffman	To Be Announced	02/27 thru 29/96
Andrew Bremar	Charleston	02/29 thru 03/02/96
Judi Coffman	Charleston	03/07 thru 08/96
Mona McCoy	Parkersburg	03/04 thru 05/96
Larry Stinn	To Be Announced	03/04 thru 06/96
Sandra Rentschler	Charleston	03/21 thru 03/23/96

FACILITY REQUESTS:

Linda Jarvis	Pleasant Hill	03/09/96
Sara Ullum	Brooksville	04/05/96
Nancy Ritchie	Calhoun High	04/06/96

TRANSPORTATION REQUESTS:

Jeanne Pollack	Morgantown	02/24/96
Kim Batten	Canaan Valley	02/27/96
Jane Lynch	Spencer	03/04/96
Sherry Justice	Glenville	03/05/96
Tammey Webb	Parkersburg	03/18/96
Jim Morgan	Cedar Creek	05/31/96
Linda Jarvis	Cedar Creek	05/31/96

Ms. Jarvis moved and Mr. Houchin seconded that the board recess at 8:00 p.m. Motion carried unanimously (4-0).

Mr. Heiney moved and Mr. Houchin seconded that the meeting reconvene at 8:15 p.m. Motion carried unanimously (4-0). Ms. Jarvis moved and Mr. Houchin seconded that the board enter into an executive session at 8:16 p.m. for the discussion of personnel. Motion carried unanimously (4-0).

Mr. Heiney moved and Ms. Jarvis seconded that the meeting reconvene at 9:07 p.m. Motion carried unanimously (4-0).

Ms. Jarvis moved and Mr. Houchin seconded that the meeting adjourn at 9:08 p.m. Motion carried unanimously (4-0). The next meeting will be at the Central Office, Monday, March 04, 1996, at 7:00 p.m.

Others present:

Leonard S. Coleman, Goodwin & Goodwin
Ralph Cunningham
Mike Davis
David C. Deitz
Cheryl Fiedorczyk
G & G Builders
Donald Pitts
Susan Pitts
Marie Prezioso, Ferris Baker Watts
Connie Roberts
Ted Shriver
Gary D. Young

John S. Sage
Secretary

Jerry M. Mahoney
President

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF CALHOUN DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF CALHOUN
COUNTY SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT OF THREE MILLION
THREE HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS
($3,370,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN: It appears to the Board of Education of the County of Calhoun (hereinafter called "the Board") from the experience of the Board in operating the schools in the Calhoun County School District (hereinafter called the "School District") and after carefully studying and considering reports, recommendations and the needs of the School District regarding the desire for an improved educational program and, based upon this information, the Board does accordingly find that:

1. There are now and have been for several years in the School District serious deficiencies in the school building facilities presently existing which generally result in lack of efficiency, lack of adequate health and safety standards, lack of adequate facilities to prepare students properly for gainful employment and further education, and an overall impairment of the educational process within the School District. To meet these inadequacies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated, and to achieve these stated goals.

2. The funds derived from current levies which this Board is now authorized by law to lay, after providing for administration of the affairs of the Board and meeting the current expenses thereof required by law, are insufficient to finance the projects required by a comprehensive building program and, therefore, Bonds should be issued to provide funds for such projects.

3. To obtain the necessary funds for the projects hereinafter described, it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, improvement, equipping and furnishing of such projects. Studies by the Board show that the School District must spend at least the sum of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000) for such purposes, which would come from the proceeds of the sale of the Bonds or any other source, all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.

4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is $120,331,594.00, and valuation of each class of property within the School District is as follows:

Class I		$ 5,213,598
Class II		40,312,090
Class III		68,211,723
Class IV		6,594,183
	Total	$120,331,594

5. The Board and the School District now have no outstanding bonded indebtedness. The unbonded indebtedness of the School District is for current expenses and can be paid from current levy funds. The maximum bonded indebtedness the Board may incur is $6,016,579.70. Accordingly, Bonds in the amount of $3,370,000, being less than five percent (5%) of the value of such taxable property as ascertained by the last assessment thereof for State and County taxes, while taking into account the School District's outstanding bonded indebtedness, may be issued and sold without violating any constitutional or statutory provision.

6. Bonds in the denomination of $5,000 each, or integral multiples thereof, aggregating $3,370,000 should be issued and sold, the proceeds of which

shall be used for the projects hereinafter described, provided, however, that in the event that any part of the Bond proceeds should not be needed for completion of the projects, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to date of purchase 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; and, provided, further, 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 shall be reimbursed from levy money collected.

7. The question of incurring said debt, issuing said Bonds, and all other questions properly connected therewith shall be submitted to the voters of the School District at the primary election to be held on the 14th day of May, 1996, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Calhoun County, shall be those commissioner and clerks designated, appointed and certified by The County Commission of Calhoun County, West Virginia in connection with said primary election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon); the Bonds shall be payable for a maximum term of sixteen (16) years from the date thereof.

9. The Bonds shall be issued only in book entry or registered form as to principal and interest in compliance with the United States Internal Revenue Code sections 103 and 149 (26 USC §103 and §149), as amended, and as authorized by the West Virginia Public Obligations Registration Act, Article 2F, Chapter 13 of the Code of West Virginia of 1931, as amended (the "Code").

10. The projects for which the proceeds of the Bonds, if authorized by the voters, are to be expended are as follows:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431

Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.	$215,649
Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.	$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.	$532,983
TOTAL ESTIMATED COSTS	$3,370,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Three Million Three Hundred Seventy Thousand and 00/100 Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-ways, if any, engineering and architectural costs, construction including but not limited to the cost of using county maintenance personnel, the costs and estimated costs of the issuance of the Bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Board in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a), Article 1, Chapter 13, of the Code. In the event the Board shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the Bonds proposed hereby, as may be determined by the Board and the granting body or agency.

11. If the voters of the School District approve the incurring of said debt and the issuance of said Bonds, the Board will lay annually upon the assessed valuation of all the taxable property within the School District a levy sufficient to provide funds for the payment of the annual interest upon the Bonds as such interest accrues semiannually and the principal of the Bonds at maturity, for which purposes a levy upon each $100 valuation, based upon the last assessment of such property for State and County purposes, will be required as follows:

Upon Class I Property approximately	11.25 cents
Upon Class II Property approximately	22.50 cents
Upon Class III Property approximately	45.00 cents
Upon Class IV Property approximately	45.00 cents

12. In the laying of said levy, the assessment levy authorized to be laid by said Board by the Constitution of West Virginia and the statutes enacted pursuant thereto shall not be exceeded; provided, however, that said rates hereinabove set forth may, whenever necessary, be exceeded in making the annual levy for interest and principal of said Bonds within statutory and constitutional limitations; and that in the levy, collection and disbursement of taxes within constitutional and statutory limitations, this levy for interest and principal shall have preference over all other taxes collected by said School District for any purpose whatsoever, except the payment of the interest and sinking fund requirements on any other bond issue or issues which lawfully have been authorized heretofore or which may be authorized hereafter.

13. If the debt represented by this Bond issue shall be approved by the voters, such Bonds, together with all existing bonded indebtedness heretofore

incurred under Section 1, Article X, of the Constitution, will not exceed in the aggregate five percent (5%) of the taxable property in the School District ascertained in accordance with Sections 8 and 10, Article X, of the Constitution of this State and will be payable from a direct annual tax levied and collected in each year on all taxable property in said School District, sufficient to pay the principal and interest maturing on said Bonds in each year, which maximum rates are provided for tax levies for 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 outside the limits fixed by Section 1, Article X of the Constitution.

14. If the debt and Bonds submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment", and the enabling legislation enacted by the Legislature of West Virginia Regular Session, 1951, amending and reenacting Sections 3 and 4, Article 1, Chapter 13, of the Code, and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1959, amending and reenacting Section 4 and adding Section 34, Article 1, Chapter 13, of the Code, 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 purposes 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 School District, and the Board does further find that after laying and allocating said special levies for payment of principal and interest requirements of said Bonds, there will be, out of the levies authorized by law and apportioned for current expenses, a sufficient levy authorized by law which, when added to other income, will be sufficient to carry out the proper requisite functions of said Board and of said School District.

BE IT FURTHER ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN AS FOLLOWS:

After careful study and due deliberation, the Board finds that available funds are insufficient for the payment of general current expenses and for correcting deficiencies in school building facilities. Wherefore the Board orders the submission to the voters of Calhoun County at the primary election to be held on May 14, 1996, of the question of whether the Board should incur debt and issue Bonds in the sum of $3,370,000 for the purposes set forth in this order.

1. The commissioners, clerks and poll workers which are designated, appointed and certified for the purpose of the primary election shall be the same commissioners, clerks and poll workers which are designated, appointed and certified by The County Commission of Calhoun County, West Virginia, in connection with the primary election to be held on May 14, 1996.

2. Notice of this question shall be given by publication of this order at least once each week for two (2) successive weeks before the election and within fourteen (14) consecutive days next preceding the election in The Calhoun Chronicle and Charleston Daily Mail which are newspapers of general circulation in the School District.

3. The ballot shall be in the form that follows:

OFFICIAL BALLOT
CALHOUN COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
Tuesday, May 14, 1996

"Shall the Board of Education of the County of Calhoun incur debt and issue bonds in the amount of $3,370,000, maturities on such bonds to run not more than sixteen (16) years from the date of such bonds, with interest not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, subject to redemption prior to maturity, in whole or in part, on terms established by the Board, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping of the projects described below, all for the general purpose of providing adequate, safe and convenient facilities for the Calhoun County School District:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431
Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.		$215,649
Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.		$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.		$532,983
	TOTAL ESTIMATED COSTS	$3,370,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Three Million Three Hundred Seventy Thousand and 00/100 Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-way, if any, engineering and architectural costs, including but not limited to the cost of using County maintenance personnel, the costs and estimated costs of the issuance of the bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Calhoun County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code. In the event the Calhoun County Board of Education shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by said Board and the granting body or agency.

And shall the Board levy taxes sufficient to pay the interest on and the principal of such Bonds?"

For the Proposition

Against the Proposition

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, make an X after the title "For the Proposition."

To vote against the proposition, mark an X after the title "Against the Proposition."

4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby designated and appointed as an agent of this Board for this election, are 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 things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code, and perform all duties imposed by law upon clerks of the County Commission and Circuit Court in relation to primary and general elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code.

5. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Calhoun, and said Clerk is hereby appointed the agent for the Board to perform all duties relating to absentee ballots in a primary or general election.

6. The registration of voters and the use of the registration booths shall be governed by the permanent registration law of the State, and the Board hereby adopts the registration list of Calhoun County as the official registration list of the School District for this election.

Adopted on the 26th day of February, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: Jerry N. Malone
President

By: Teresa A. Harris
Member

By: Kenneth Henry
Member

By: Jeffrey D Hawkins
Member

By: _____
Member

ATTEST:
John L. Sage
Secretary

Given under my hand this 26 day of February, 1996

John L. Sage
Secretary of the Board of Education
of the County of Calhoun

CALHOUN COUNTY SCHOOLS

Office of the Superintendent
Rural Route 1, Box 1E; Grantsville, WV 26147
Telephone (304) 354-7011
Fax (304) 354-7420

October 9, 1996

To Whom it May Concern:

I, Connie J. Roberts, Treasurer of Calhoun County Board of Education, do hereby certify that the attached copies of minutes for the Calhoun County Board of Education bearing the date June 3, 1996 are true copies of said minutes.

Sincerely,

Connie Roberts

Connie Roberts
Treasurer

Taken, subscribed and sworn to before the undersigned Notary Public this 9th day of October 1996.

My commission expires Aug 12, 2002

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
Joy M. Starcher
Calhoun County Schools
P.O. Box 460
Grantsville, WV 26147
My commission expires August 12, 2002

Joy M. Starcher
Notary Public

CALHOUN COUNTY
BOARD OF EDUCATION MEETING
MONDAY, JUNE 03, 1996

STATE OF WEST VIRGINIA:

COUNTY OF CALHOUN: At the Office of the Superintendent of Schools, Grantsville, West Virginia; Monday, June 03, 1996, at 7:00 p.m.

MEMBERS PRESENT: Jerry Malona, Carlene Frederick, Kenneth Heiney, Jeffery Houchin, Leisa Jarvis

John H. Hager, Secretary

MEMBERS ABSENT: None

The meeting was called to order at 7:00 p.m. by the President, Jerry Malona.

Mrs. Frederick moved and Mrs. Jarvis seconded to approve the amended agenda as presented. Motion carried unanimously.

Mr. Heiney moved and Mr. Houchin seconded to approve the minutes of the following meetings: May 20, 22, 29, 1996. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded to select Acordia of West Virginia, Charleston, WV, as the carrier for the athletic accident insurance coverage for FY 96-97. Motion carried unanimously.

Mrs. Frederick moved and Mr. Houchin seconded to table the scholastic insurance coverage for FY 96-97 until a later date. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded to approve the request for Brittany Heiney to transfer from Calhoun to Ritchie County for the coming school year. Motion carried (4-0) with Mr. Heiney abstaining from voting.

Mr. Heiney moved and Mrs. Frederick seconded to approve Cheryl McCallister to do all school audits at the same contracted salary as last year. Motion carried unanimously.

Mr. Houchin moved and Ms. Jarvis seconded to approve the following requests. Motion carried unanimously.

FACILITY REQUESTS:

Kristie Collins	Arnoldsburg	Monday/Wednesday Evenings
Bernice Sisson	Minnora	05/24/96
Michael Dotson	Calhoun High	05/29/96
Kim Batten	Calhoun High	06/15/96
Helen Johnson	Calhoun High	Various

TRANSPORTATION REQUESTS:

Susan Pitts	Grantsville	06/06/96
Susan Carper	Cedar Creek	08/09/96

Mr. Heiney moved and Mrs. Frederick seconded to approve the "Plan of Equal Access" - Basketball for FY 97 with Donald Pitts signing as Title IX Coordinator pending hiring of federal coordinator's position. Motion carried unanimously.

Mr. Heiney moved and Mrs. Frederick seconded to approve the "Resolution and Order Directing Issuance of Bonds" with City National Bank of Charleston, WV, acting as trustee for the bonds. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded to approve Mr. Tilden "Skip" Hackworth, as superintendent of schools with a three year contract at $58,000/yr. Motion carried (4-1) with Mr. Malona voting against.

Upon the Superintendent's recommendation, Mr. Heiney moved and Mrs. Frederick seconded to approve the following personnel matters. Motion carried unanimously.

EMPLOYMENT FY 96-97:

Patricia Cain, Teacher, Calhoun-Gilmer Career Center
Sharon Justice, Teacher, Calhoun-Gilmer Career Center
Mayford Witt, Teacher, Calhoun-Gilmer Career Center
Rebecca Miller, Kindergarten Teacher, Pleasant Hill School
Melanie Hartshorn, Substitute Teacher

SUMMER EMPLOYMENT FY 95-96:

Tena Church, Teacher, Chapter I Summer Program - Arnoldsburg
Susan Carper, Teacher, Chapter I Summer Program - Brooksville
Patricia Cain, Teacher, Chapter I Summer Program - Brooksville
Charles Thomas, Teacher, Chapter I Summer Program - Minnora
Patti Baughman, Teacher, Chapter I Summer Program - Minnora
Rosemary Ailes, Teacher, Chapter I Summer Program - Pleasant Hill
Nancy Taylor, Aide, Chapter I Summer Program - Brooksville
Dorma Conley, Aide, Chapter I Summer Program - Minnora
Bette Ritchie, Aide, Chapter I Summer Program - Pleasant Hill
Bill Cunningham, Bus Driver, Band/Athletic Camp
Harry Tallhamer, Bus Driver, Band/Athletic Camp
JoAnn Heiney, Cook, Band/Athletic Camp
Susan Carpenter, Cook, Band/Athletic Camp
Barb Tingler, Cook, Summer Program - Brooksville
Brenda Dickey, Cook Summer Program - Minnora
Leo Craddock, Bus Driver, (North) Summer Program
Mitchell Morgan, Bus Driver, (South) Summer Program
Ester Laughlin, Cook, Energy Express - Arnoldsburg
Janet Cunningham, Cook, Energy Express - Pleasant Hill
Bill Cunningham, Bus Driver/Custodian, Energy Express - Arnoldsburg
Chuck Heiney, Bus Driver/Custodian, Energy Express - Pleasant Hill
Brenda Dickey, Substitute Cook - All Summer Food Programs

Mrs. Frederick moved and Ms. Jarvis seconded to approve the following resignation. Motion carried unanimously.

RESIGNATION:

Thomas Ramsell, Substitute Bus Driver

Mrs. Frederick moved and Mr. Houchin seconded to approve the following invoices ($564,714.53). Motion carried unanimously.

Ms. Jarvis moved and Mrs. Frederick seconded that the board enter into an executive session for the discussion of personnel at 7:53 p.m. Motion carried unanimously.

Ms. Jarvis moved and Mr. Houchin seconded that the meeting reconvene at 8:19 p.m. Motion carried unanimously.

Mr. Houchin moved and Ms. Jarvis seconded that the meeting adjourn a 8:20 p.m. Motion carried unanimously. The next meeting will be at the Central Office, Wednesday, June 12, 1996, at 8:30 a.m.

Others present:

John Bailey
Robert Bonar
Bill Bragg
Ralph Cunningham
Lee Evans
Phyllis Evans
Mr. & Mrs. "Skip" Hackworth
Carolyn Heiney
Debra Heiney
Jean Miller
James Murphy
Donald Pitts
Roger Propst
Connie Roberts
Kelli Whytsell

Secretary

President

OFFICIAL BALLOT
CALHOUN COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
Primary Election, May 14, 1996

"Shall the Board of Education of the County of Calhoun incur debt and issue bonds in the amount of $3,370,000, maturities on such bonds to run not more than sixteen (16) years from the date of such bonds, with the interest not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, subject to redemption prior to maturity, in whole or in part, on terms established by the Board, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping of the projects described below, all for the general purpose of providing adequate, safe and convenient facilities for the Calhoun County School District:

PROJECTS	LOCATION	ESTIMATED COSTS
Extra Classrooms at Arnoldsburg: Six Classrooms and Restroom Facilities Behind the Current Structure.	Arnoldsburg, WV	$ 791,479
HVAC at Pleasant Hill: Total Replacement of the Heating, Ventilation and Air Conditioning System which was Designed for the Open Space Concept.	Pleasant Hill, WV	$ 439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment, Seating for Classrooms: Chairs for Students, Teachers Desks and Chairs, Tables, Cafeteria Equipment, Shelving, etc.		$ 281,841
Technology (Computers, Wiring): New Computers, Fiber Optic Cabling, Connections to the Internet, Network Devices and all Necessary Software.		$ 213,193
Upgrade of Heating, Ventilation & Air Conditioning: Upgrading System to be more efficient to operate and maintain.		$ 459,431
Auditorium Space & Seating for 550 People Instead of 330: Cost of Seating Additions.		$ 215,649
Auxiliary Gym for the Middle/High School: Construction and Equipping of an Auxiliary Gym to Permit County-Approved Sports Activities to Take Place at the Middle/High School.		$ 435,713
New Stadium Complex: Bleachers, Lights, Concessions, Dressing Rooms and Shower Facilities.		$ 532,983
TOTAL ESTIMATED COSTS:		$3,370,000

SAMPLE BALLOT

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-way, if any, engineering and architectural costs, including but not limited to the cost of using County maintenance personnel, the costs and estimated costs of the issuance of the bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Calhoun County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6 (a) Article 1, Chapter 13, of the Code. In the event the Calhoun County Board of Education shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by said Board and the granting body or agency.

And shall the Board levy taxes sufficient to pay the interest on and the principal of such Bonds?"

☐ For the Proposition

☐ Against the Proposition

NOTICE TO VOTERS:
To vote in favor of the proposition submitted on this ballot, make an X before the title "For the Proposition."
To vote against the proposition, make an X before the title "Against the Proposition."

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 8, 1996

NEW ISSUE — FULL BOOK ENTRY

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 not includable in 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 the reported income or earnings and profits of such corporate holder. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof, except inheritance, estate and transfer taxes; and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. See "TAX EXEMPTION" herein.

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN (WEST VIRGINIA)
Public School Bonds, Series 1996

Dated: September 1, 1996 **Due: May 1, as shown below**

The Bonds are general obligations of the Board of Education of the County of Calhoun (West Virginia) which Board of Education has power and is obligated to levy ad valorem taxes upon all the taxable property within the Calhoun 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, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Board of Investments. The State Board of Investments has designated The City National Bank of Charleston, as Paying Agent for payment of the Bonds and to act as transfer agent and to maintain the registration books for the State Board of Investments, at its office in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996 and will be payable May 1, 1997 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 Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of 265(b) of the Internal Revenue Code of 1986 as amended (the "Code"). In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

The Bonds are subject to redemption prior to maturity. See optional redemption herein.

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount	Interest Rate	Yield	Maturing May 1	Principal Amount	Interest Rate	Yield
1998	$135,000	%	%	2006	230,000	%	%
1999	145,000			2007	245,000		
2000	155,000			2008	265,000		
2001	165,000			2009	280,000		
2002	175,000			2010	300,000		
2003	190,000			2011	325,000		
2004	200,000			2012	345,000		
2005	215,000						

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Goodwin & Goodwin, 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 September 10, 1996.

SALE DATE: August 22, 1996

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

ELECTED OFFICIALS

Kenneth T. Heiney, President
Jerry N. Malona
Carlene Frederick
Ralph J. Cunningham
Elmer Lee Evans

APPOINTED OFFICIALS

Tilden Hackworth, Superintendent
Kenneth T. Heiney, Board President
Connie Roberts, Director of Finance/Treasurer
Judith C. Coffman, Director of Curriculum
Donald S. Pitts, Director of Support Services

BOND COUNSEL

Goodwin & Goodwin
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 Calhoun, 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.

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OFFICIAL STATEMENT
relating to
$3,370,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF CALHOUN (West Virginia)
Public School Bonds, Series 1996

INTRODUCTION

This Official Statement provides certain information in connection with the sale of $3,370,000 in aggregate principal amount of The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996 (the "Bonds"), of the Board of Education of the County of Calhoun, West Virginia (the "Board"). A brief description of the Calhoun County School District (the "School District") and the County of Calhoun, West Virginia (the "County" or "Calhoun 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 September 1, 1996, are fully registered bonds in $5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
1998	$135,000	%	%	2006	$230,000	%	%
1999	145,000			2007	245,000		
2000	155,000			2008	265,000		
2001	165,000			2009	280,000		
2002	175,000			2010	300,000		
2003	190,000			2011	325,000		
2004	200,000			2012	345,000		
2005	215,000						

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), both the principal of and interest on the Bonds are payable at the office of the West Virginia State Board of Investments. The West Virginia State Board of Investments has designated The City National Bank of Charleston, as its Paying Agent (the "Paying Agent") for payment of the Bonds and to act as transfer agent and to maintain the registration books, for the West Virginia State Board of Investments, at its offices in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996 and will be payable May 1, 1997, and semi-annually thereafter (each May 1 and November 1) in each year to maturity.

Such interest will be paid by check to the registered holder on each such interest payment date at its 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 1996 Bonds are not subject to optional redemption prior to May 1, 2006. At the option of the Board, the 1996 Bonds will be subject to redemption prior to maturity on or after May 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101%
May 1, 2008 and thereafter	100%

Book-Entry Only System

The Series 1996 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 1996 Bonds will not receive certificates representing their interests in the Series 1996 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 1996 Bonds ("Securities"). The Series 1996 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 1996 Bond will be issued for each issue of the Series 1996 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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, as amended. DTC holds securities that its participants (the "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 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 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 banks, securities brokers and dealers 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.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities in 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' record. 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 Participants through which the Beneficial Owner entered into the transaction. Transfer 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.

To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities 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 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.

Conveyance of notices and other communications by DTC to 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.

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

Neither DTC not Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on 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 payable date. 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, 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 disbursements of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities 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, Security 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, Security 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.

For every transfer and exchange of the Series 1996 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation hereto.

In the event the Board determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 1996 Bond certificates, the Board may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 1996 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 1996 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 1996 Bonds at any time by giving notice to the Board and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Board and the Registrar shall be obligated to deliver Series 1996 Bond certificates as described in the Resolution. In the event the Series 1996 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption price of and interest on such Series 1996 Bond certificates. Whenever DTC requests the Board and the Registrar to do so, the Registrar and the Board will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 1996 Bonds to any Participant having the Series 1996 Bonds credited to its DTC

account or (b) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 1996 Bonds.

Purpose

The Bonds are being issued to finance the cost of renovations, upgrades, additions, improvements, equipment and/or furnishing of certain existing and new schools and other buildings owned or used by the Calhoun County School District, as more particularly described in Appendix C, and paying costs of issuance of the Bonds. The Board received a $13,223,000 grant to build a new combined middle school and high school that is expected to be completed in the fall of 1997.

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 primary election in the School District held on May 14, 1996, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot question also included a maximum term of 16 years from the date of the Bonds and an interest rate not exceeding 8% per annum. The canvass of said special election showed 1,292 "Yes" votes and 1,256 "No" votes, a 50.71% 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. Section 8 Article X 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 Payment

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 Treasurer of the Board 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 1996 Budget Bill is indicative:

> Sec. 13 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 13, Article 18, Section 20-b, of the code of West Virginia, 1931, as amended, 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 Calhoun. 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.

CALHOUN 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 1998, the terms of three members will expire and in 2000, the terms of two 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 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.

The Calhoun County school system has an administrative staff of 5 with the overall responsibility to coordinate and supervise the activities of 6 school administrators, 113.5 instructional staff (teachers, and other professionals) and 73 service personnel. Total full time employment positions are 197.50. The estimated pupil-teacher ratio for 1995-96 school year is 14.39:1 (combined elementary, middle and secondary schools).

Facilities of the Calhoun County School District

Facility Name	Arnoldsburg	Brooksville	Pleasant Hill	Minnora	Calhoun High
1995-96 Enrollment	208	179	428	206	612
Grades	PK-7	K-7	PK-7	PK-7	8-12
Square Footage	18,869	20,739	39,056	19,376	54,000
Year Constructed	1951	1950	1978	1950	1920
Major Additions	1979,1984 1991	1960,1962, 1970,1974,1978	1983	1979, 1983	1953
Type Construction	M&S	M&S	M&S	M&S	M&S&Wood
Site Acres	5	3	12	6	6

Note: Construction Type - Masonry and Steel (M&S)

Source: Calhoun County Board of Education

Enrollment

1995/96

Arnoldsburg School	208
Brooksville School	179
Minnora School	206
Pleasant Hill School	428
Calhoun High School	612
	1,633

Projected Enrollment

1996/97

Arnoldsburg School	201
Brooksville School	135
Minnora School	196
Pleasant Hill School	416
Calhoun High School	624
	1,572

Source: Calhoun County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the 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 this 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.

CALHOUN COUNTY SCHOOL DISTRICT - TAX LEVIES AND COLLECTIONS

YEAR		Projected Gross Tax Collections at 100%	Projected Net Tax Collections at 93.5% less 2% assessors val. fund	Actual Tax Collections	Actual Percent Collected
1985-86	Current Expense	$1,102,310.38	$1,010,047.00	$801,340.56	72.70%
	Debt Service	$0.00	$0.00	$0.00	
1986-87	Current Expense	$883,279.49	$809,349.00	$909,141.17	102.93%
	Debt Service	$0.00	$0.00	$0.00	
1987-88	Current Expense	$977,408.05	$895,599.00	$962,950.07	98.52%
	Debt Service	$0.00	$0.00	$0.00	
1988-89	Current Expense	$880,421.26	$806,730.00	$837,681.00	95.15%
	Debt Service	$0.00	$0.00	$0.00	
1989-90	Current Expense	$882,699.99	$808,818.00	$825,270.00	93.49%
	Debt Service	$0.00	$0.00	$0.00	
1990-91	Current Expense	$871,295.43	$798,368.00	$837,157.00	96.08%
	Debt Service	$0.00	$0.00	$0.00	
1991-92	Current Expense	$944,382.84	$865,338.00	$898,088.00	95.10%
	Debt Service	$0.00	$0.00	$0.00	
1992-93	Current Expense	$895,228.64	$820,298.00	$856,468.00	95.67%
	Debt Service	$0.00	$0.00	$0.00	
1993-94	Current Expense	$888,635.82	$814,257.00	$871,883.00	98.11%
	Debt Service	$0.00	$0.00	$0.00	
1994-95	Current Expense	$786,534.98	$720,702.00	$750,428.00	95.41%
	Debt Service	$0.00	$0.00	$0.00	

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 7, 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 1994 assessment year valuations are made as of July 1, 1993, with taxes levied and collected during the fiscal year July 1, 1994, through June 30, 1995.

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 assessment 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 5 of the West Virginia Code of 1931, as amended, provide 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 Calhoun County School District includes all of Calhoun 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 (4) classes of real property (see "Property Classification") shall not be less than fifty percent (50%) nor more than one hundred percent (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 (4) classes of real property will be assessed at sixty percent (60%), rather than one hundred percent (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 ten (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 three 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	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997
I	8,105,162.00	5,789,064.00	5,133,605.00	5,213,598.00	4,778,033.00
*II	29,699,768.00	33,669,792.00	40,378,048.00	40,312,090.00	42,093,564.00
III	77,970,868.00	76,180,021.00	67,788,330.00	68,211,723.00	71,558,597.00
IV	6,488,032.00	7,258,918.00	6,751,884.00	6,594,183.00	6,991,960.00
TOTALS	122,263,830.00	122,897,795.00	120,051,867.00	120,331,594.00	125,422,154.00

ASSESSED VALUATION BY PROPERTY CATEGORY

CATEGORY					
Real	50,723,407.00	56,082,286.00	65,448,264.00	63,781,130.00	66,138,320.00
Personal	53,615,523.00	47,601,209.00	33,066,903.00	34,286,664.00	36,931,934.00
Public Utility	17,924,900.00	19,214,300.00	21,536,700.00	22,263,800.00	22,351,900.00
TOTALS	122,263,830.00	122,897,795.00	120,051,867.00	120,331,594.00	125,422,154.00

*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:

$ 9,857,560 in 1992-93
$11,089,262 in 1993-94
$12,442,617 in 1994-95
$12,553,600 in 1995-96
$13,493,490 in 1996-97

Source: Certificate of Valuation, Calhoun County Assessor

Largest Assessed Valuations

1995 Assessed Valuation

Name of Property Owner	Class I	Class II	Class III	Class IV
Bee Creek Hunting Club		173050		
Juanito Aya-Ay				113880
Ronald Lane		150120		
David & Pamela Cain		90070		
Billie & Wanda Houchin			102180	
Calhoun County Bank	1463220			
Grantsville Supermarket				166736
Tim Ayers		88140		
Bramble LTD P'Ships			253020	
Francis Cain	68580			
Rite Aid				164415
Frank Masiarczyk		148000		

SOURCE: Calhoun County Assessor

Tax Rate Comparisons

The following shows Calhoun County property tax rates in cents per $100 assessed valuation, in comparison with a few select surrounding counties, for tax year 1995; Fiscal year 1995-96:

	Rates of Levy		
County	Class I	Class II	Class III/IV
Calhoun	38.50	77.00	154.00
Roane	45.61	91.22	182.44
Clay	35.03	70.06	140.12
Braxton	35.03	70.06	140.12
Gilmer	47.84	95.68	191.36
Ritchie	51.535	103.07	206.14
Wirt	65.24	130.48	260.96

(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.

Current
School Tax Rates - By Property Class
Cents Per $100

	1992-93	1993-94	1994-95	1995-96	1996-97
Class I	21.84	21.84	20.48	20.48	20.48
Class II	43.68	43.68	40.96	40.96	40.96
Class III/IV	87.36	87.36	81.92	81.92	81.92

Source:
Calhoun County Board of Education
Levy Order

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, 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.

The tax rates for citizens of the County, in cents per $100 assessed valuation for the 1995-96 fiscal year, are as follows:

	Rates of Levy		
Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
County Excess	3.47	6.94	13.88
School Current	20.48	40.96	81.92

Source: State of West Virginia
Department of Tax and Revenue

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 1995-96 fiscal year.

	Rates of Levy		
Municipality	Class I	Class II	Class IV
Grantsville	18.75	37.50	75.00

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 (pro-forma)

Population (1990)	7,885
Assessed Valuation *	$ 125,422,154*
Debt Limit (5% of Assessed Valuation)	$ 6,271,107
Outstanding Debt (including the Bonds)	$ 3,370,000
Debt Contracting Margin	$ 2,901,107
Per Capita Debt	$ 427.39
Outstanding Debt As Percentage Of Assessed Valuation	2.69%

* Assessed Value is estimated to be approximately 60% of appraised or market value. (Fiscal Year 1997 Assessed Valuation)

Debt Service Requirements

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
Public School Bonds 1996

Year Ending June 30	Principal	Interest	Total
1997*	$ -0-		
1998	135,000		
1999	145,000		
2000	155,000		
2001	165,000		
2002	175,000		
2003	190,000		
2004	200,000		
2005	215,000		
2006	230,000		
2007	245,000		
2008	265,000		
2009	280,000		
2010	300,000		
2011	325,000		
2012	345,000		

*Interest due in FY '97 will be paid from Bond Proceeds and will not be levied

Outstanding Debt

The Board currently has no outstanding bond indebtedness.

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. Permanent Improvement Fund

The Permanent Improvement Fund is a separate and distinct fund and may be used only for the support of building and permanent improvement projects. Revenues consist of (1) proceeds of the levy allocated to the Permanent Improvement Fund, (2) unexpended balances of other funds transferred to the Permanent Improvement Fund, and (3) any other

moneys authorized by law to be used for the purposes of the Permanent Improvement Fund. Revenue will also consist of interest on investments.

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 collection relating to the Bonds which are transferred to the Commission will be invested in the Consolidated Fund maintained by the State Board of Investments. As discussed below, the Consolidated Fund has incurred certain losses as a result of prior investment policies and practices. However, with disclosure of such losses, it is expected that specific investment programs now in place will avoid such future losses.

In 1978, pursuant to authority given by the West Virginia State Legislature in West Virginia Code Chapter 12, Article 6, the State of West Virginia established an investment pool for the common investment of state and local government moneys, known as the "Consolidated Fund." The Consolidated Fund is managed by the West Virginia Board of Investments, the composition of which is discussed herein.

Each participant in the Consolidated Fund owns an undivided interest in the portfolio of the Consolidated Fund based upon the participant's pro-rata contribution of assets at any time. Each participant is deemed to have consented to the methods for sharing gains and losses and all other accounting methods required or adopted by the State Board of Investments. Accounting is based on a daily accrual method for earnings, deposits and withdrawals. As a matter of practice, the Board of Investments informs participants of the yield applicable to their undivided interests on a monthly basis, and interest income is normally credited to each participant's account.

Legislation enacted by the West Virginia Legislature on April 8, 1989, revised the composition of the State Board of Investments which is responsible for funds on deposit in the Consolidated Fund. The number of Board members has been increased to seven with the appointment of four persons who include a certified public accountant, an attorney with experience in finance and investment matters, and two members of the financial community. The State Auditor, the State Treasurer and the Governor will continue as Board members; however, the Governor may designate another individual to represent him on the Board.

The same legislation provides restrictions and conditions on the investment of funds in the Consolidated Fund and requires the establishment of more extensive audit and reporting procedures, including monthly statements to all participants in the fund reflecting the interest

earned and the method by which interest earnings have been calculated. The Board has not experienced any losses of principal as a result of its past investments in the Consolidated Fund. To the best knowledge of the Board, neither the Commission nor any local political subdivision has experienced any loss of principal as a result of its investment in the Consolidated Fund. In 1990, the West Virginia Legislature enacted, and the Governor signed legislation which releases local political subdivisions from any losses incurred by the Board of Investments.

In 1996, pursuant to authority given by the West Virginia State Legislature in West Virginia Code Chapter 44, Article 6B, the State established the "West Virginia Trust Fund". Effective July 1, 1996, the Fund took responsibility for investing the Consolidated Pension Fund, which includes all the State defined benefit retirement plans, the Workers' Compensation Funds and the Coal-Workers' Pneumoconiosis Fund. These funds had previously been invested by the Board of Investments. The 1996 legislation was precipitated by a West Virginia Supreme Court of Appeals ruling that investment of pension funds in equity securities under the structure in existence prior to July 1, 1996 was prohibited by the Constitution. The legislation permits up to 60% of the pension and workers' compensation fund assets to be invested in equity securities.

The Board continues to have responsibility for the common investment of State and local government moneys, and does this through the "Consolidated Fund". All duties, vested by law in any agency, commission, official or other board of the State relating to the investment of moneys, and the acquisition, sale, exchange or disposal of securities or any other investment, other than certain school funds, the Teacher's Defined Contribution plan, the State employees deferred compensation plan and those investments made by the West Virginia Trust Fund, are the purview of the State Board of Investments.

On July 1, 1996, a legal action was filed challenging the constitutionality of the West Virginia Trust Fund, Inc. ("Trust Fund") as a legal entity and also as a mechanism to provide for the investment of pension moneys in equity securities. Subsequently, several other actions were filed by various parties making the same claims. A preliminary order was obtained from the Kanawha County Circuit Court by the Trust Fund to require the State Treasurer to continue the transfer of the employer and employee contributions to the Trust Fund for investment, provided the Trust Fund does not invest any of the money in equity securities, until the legal issues raised by the lawsuits are resolved. Additionally, the Supreme Court directed all legal actions pertaining to the investment of pension funds by the Trust Fund be consolidated into one action in the Circuit Court of Kanawha County, West Virginia. This litigation is not expected to affect the School District's ability to repay principal and interest on the Bonds.

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 the National Council of Governmental Accounting 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 evaluation of Board goals are established by the Superintendent.
October	Student enrollment and personnel employee numbers are gathered systemwide 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	A public hearing shall be held concerning the operating budget not less

May 30 — 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 evaluates 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 analysis. 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.

Calhoun County Board of Education
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1993; 1994; 1995

General Current Expense - Fund 11	BUDGET 1993	1994	1995
Revenues:			
Property taxes (Net of allowances)	820,298.00	814,257.00	746,568.09
Other local sources	261,338.00	196,368.00	429,880.05
Intermediate Sources	0.00	2,524.00	0.00
State Sources:	6,340,470.00	6,386,709.00	6,559,945.67
Federal Sources:	1,147,476.00	1,198,009.00	1,411,281.12
Miscellaneous Sources	0.00	566.00	366.56
Total Revenues	8,569,582.00	8,598,433.00	9,148,041.49
Expenditures:			
Regular elem/sec education programs	3,505,667.00	3,994,834.00	4,271,249.15
Special education programs	1,032,181.00	1,199,961.00	1,237,553.60
Vocational education programs	212,898.00	242,949.00	270,044.34
Other elem/sec education programs	0.00	0.00	0.00
Adult/Continuing education programs	69,209.00	35,833.00	8,845.76
Community services programs	30,410.00	31,718.00	50,216.88
Undistributed support services:	3,937,682.00	3,278,643.00	3,581,709.39
Total Expenditures	8,788,047.00	8,783,938.00	9,419,619.12
Excess (deficiency) of Revenues over Expenditures	(218,465.00)	(185,505.00)	(271,577.63)
Other Financing Sources (uses)			
Interfund Transits in	0.00	0.00	0.00
Misc.	0.00	0.00	0.00
Excess (deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(218,465.00)	(185,505.00)	(271,577.63)
Fund Balance at Beginning of Year	218,465.00	185,505.00	271,577.63
Add (deduct) Net Change in Receivables			
Fund Balance - End of Year	$0.00	$0.00	($0.00)

Source: Calhoun County Board of Education

Calhoun County Board of Education
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1993; 1994; 1995

General Current Expense - Fund 11	ACTUAL 1993	1994	1995
Revenues:			
Property taxes (Net of allowances)	$856,457.76	$871,943.36	$750,427.62
Other local sources	190,056.87	264,170.47	402,785.88
Intermediate Sources	0.00	2,588.87	0.00
State Sources:	5,959,719.14	6,441,197.72	6,549,160.87
Federal Sources:	989,640.67	817,370.51	1,058,857.64
Miscellaneous Sources	819.30	678.62	366.56
Total Revenues	$7,996,693.74	$8,397,949.55	$8,761,598.57
Expenditures:			
Regular elem/sec education programs	$3,432,098.42	$3,786,947.60	$4,060,244.09
Special education programs	907,546.97	1,054,481.66	1,122,588.43
Vocational education programs	207,708.40	197,512.32	262,552.02
Other elem/sec education programs	0.00	0.00	0.00
Adult/Continuing education programs	33,265.07	21,131.40	2,756.00
Community services programs	23,026.28	24,821.26	36,483.15
Undistributed support services:	3,502,448.22	3,137,745.46	3,160,875.19
Total Expenditures	$8,106,093.36	$8,222,639.70	$8,645,498.88
Excess (deficiency) of Revenues over Expenditures	(109,399.62)	175,309.85	116,099.69
Other Financing Sources (uses)			
Interfund Transits in	0.00	(86,771.18)	0.00
Misc.	(2,457.92)	(15.73)	(5,888.90)
Excess (deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	($111,857.54)	$88,522.94	$110,210.79
Fund Balance at Beginning of Year	362,522.92	256,627.69	402,655.91
Add (deduct) Net Change in Receivables	5,962.31	57,505.28	68,968.12
Fund Balance - End of Year	$256,627.69	$402,655.91	$581,834.82

Source: Calhoun County Board of Education WVDE Report 11-10-10

Teachers Retirement Systems

During the third extraordinary session of 1990, the West Virginia Legislature passed House Bill 311. The law, which was signed by Governor Gaston Caperton, established the new Consolidated Public Retirement Board and eliminated the other state retirement boards. As of July 1, 1991, this new Retirement Board became responsible for the administration of all state retirement plans (excluding some higher education plans): teachers, public employees, judges and public safety. Although this new Consolidated Public Retirement Board administers all of these retirement systems, the assets and the administration of each retirement system remain separate and distinct. This law also established a new defined contribution retirement plan for all educational employees (except higher education) hired after July 1, 1991 and closed the teachers defined benefit plan for new members as of July 1, 1991. The Retirement Board has worked with the Legislature and the Administration to reduce the unfunded liabilities in certain retirement plans.

Teachers Defined Benefit Retirement System

The Teachers' Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher eduction institutions, and employees of the State Department of Education. As of June 30, 1995, 21,992 retirees and beneficiaries were receiving benefits; 5,943 terminated members were entitled to benefits but were not yet receiving them; 32,068 active members were vested; and 1,194 active members were nonvested. 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%. Employers also contribute 7.5% of the Teachers Defined Contribution Retirement System (TDCRS) member's annual earnings to TRS. A member who withdraws from service for any cause other than death or retirement 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 January 14, 1996 for the period ended July 1, 1995, by Scott L. Dennison, FSA, MAAA. 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 7.5% annually, net of expenses. As of July 1, 1995, the unfunded liability of TRS was $3.177 billion, based on recognized valuation of assets at $527.1 million. The funded percentage was 14.2% and assumes salary increases proposed by the Governor during fiscal year 1996-97. 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, the Division of Rehabilitation Services 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, 1995, there were approximately 9,900 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees ar 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 earnings 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. Any forfeitures arising from contributions will be transferred to TRS. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source:_____
State of West Virginia
Consolidated Public Retirment Board

Insurance Coverage

Type	Amount in Force (FY 1995-96)
Flood coverage, buildings and contents	$ 510,000
Builders Risk Insurance	$ 13,700,000
Public official position bond: (Ohio Farmers Ins. Co.)	
Superintendent	$ 10,000
Board President	$ 10,000
Treasurer	$ 75,000
Blanket Employee Bond	$ 10,000
WV Board of Risk & Insurance Management	
Fidelity Honest Bond (all employees)	$ 3,000,000
Money & Securities (all employees)	$ 2,500,000
Deductible - $1,000 per occurence	

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 Ins. Co. of Pittsburgh, Pa.. The Board is an Additional Insured under the policies for the coverage period July 1, 1996 to June 30, 1997.

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 a claim is made against more than one insured.

SPECIAL LIMITS. The auto physical damage limit is the actual cash value not to exceed $50,000 for each vehicle subject to a deductible of $500 for private passenger vehicles or $1,000 for other vehicle types including mobile equipment.

AGGREGATE. The limit of liability for all occurrences is $22,000,000 in the aggregate. This amount is a total aggregate which applies to the general liability and automobile insurance policies combined. The aggregate amount also applies collectively to all insureds, including the State, and not separately to each one.

DEFENSE COSTS. Defense costs are in addition to the each occurrence limit of liability. However, defense costs are subject to the aggregate limit of liability and will be charged to it.

Source: Calhoun County Board of Education

COUNTY OF CALHOUN

Introduction

Calhoun County (the "County") is located in the west central section of West Virginia, 80 miles from Charleston, WV, 47 miles from Parkersburg, WV, and 157 miles from Columbus, Ohio. The Town of Grantsville is the county seat of the County.

The County is governed by, and generally acts through, the County Commission of Calhoun County (the "Commission"). The present Commissioners of the County Commission, elected on a countywide basis, are Larry Cottrell, President, Willis Gainer and Larry McCallister. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended (the "Act"), to create and establish the Commission.

Population Trends

Year	Calhoun County	West Virginia
1970	7,046	1,744,237
1980	8,250	1,949,646
1990	7,885	1,782,958
1994	7,932	1,823,623

Source:
West Virginia Bureau of Employment Program
(Offce of Labor and Economic Research, Oct. 1993)
United States Department of Commerce

Employment and Income Statistics

Average Annual Unemployment Rates

	Calhoun County	West Virginia
1993	19.9%	10.9%
1994	22.2	8.9
1995	22.8	7.9
1996 (May)	17.6	7.0

Source:
WV Bureau of Employment Programs
Labor and Economic Research

Employment by Industry

Industry	Average Annual Employment			
	1992	1993	1994	1995
Mining	100	110	100	96
Construction	190	220	200	177
Manufacturing	240	250	210	183
Transportation, Public Utilities				71
Wholesale and Retail Trade	210	170	180	176
Finance, Insurance, Real Estate				46
Services	270	280	280	195
Government	420	410	420	383

Location	Average Employment	Average Annual Wage
Calhoun County	1,330	$18,699
West Virginia	653,993	$23,498

Wages Per Industry - Calendar Year 1995 - Calhoun County

Industry	Total Wages	Average Annual Wage	Average Weekly Wage
Mining	$ 1,460,991	$ 15,218	$ 292.67
Construction	4,107,816	23,208	446.31
Manufacturing	2,915,118	15,929	306.34
Transportation and Public Utilites	2,539,712	35,770	687.90
Trade - Wholesale & Retail	1,872,550	10,639	204.61
Finance, Insurance & Real Estate	832,092	18,088	347.86
Services	2,716,056	13,928	267.86
Government	8,409,024	21,955	422.22
TOTAL	$24,870,807	$ 18,699	$ 359.61

Source: WV Bureau of Employment Programs
Labor and Economic Reserach
1996

Total Wages (millions)

Year	Calhoun County	West Virginia
1984	21.4	9,933.6
1985	22.2	10,259.0
1986	21.7	10,477.5
1987	23.0	10,773.7
1988	23.8	11,244.6
1989	25.9	11,645.1
1990	26.3	12,471.7
1991	25.7	12,836.2
1992	28.8	13,567.2
1993	28.0	13,981.5
1994	25.8	14,796.2

Source:_____
WV Bureau of Employment Programs

Per Capita Personal Income

	Income	Rank
United States (1995)	$ 22,788	N/A
West Virginia (1995)	17,915	N/A
Calhoun County (1993)	11,236	52

Source:_____
WV Bureau of Economic Analysis

Economy

The primary employment in the County deals with manufacturing and services.

Major Employers in Calhoun County:

Employer	Product/Service	No. of Employees
Calhoun County Board of Education	Education	210
Minnie Hamilton Health Care	Urgent Care/Health Dept.	70
Houchin Construction	Construction	68
RPR/Dile Mfg./DP Inc.	Fire Fighting Equip./Car Parts	65
Calhoun County Bank	Financial Services	36
CNG Corp.	Utility	36
Miller Pallet & Lumber Co.	Mfg. Pallets/Wood Products	30
Grantsville Foodland	Grocery	25
Calhoun County	Local Govt. Services	25
Dept. of Human Services	State Govt. Services	24
Town of Grantsville	Local Govt. Services	9

Source: Calhoun County Board of Education

Community Data

Educational Facilities

Public Schools:

Elementary	4
Secondary	1
Vocational	1

Colleges:

Glenville State, Glenville (Gilmer County)

Library

The Calhoun County Public Library - 19,829 volumes

Recreational Facilities

Auditoriums	5
Stadiums	1
Baseball/softball fields	5
Basketball courts:	
indoor	5
outdoor	4
Tennis courts	1
Swimming pools	1
Theaters	1
Golf courses	1
Parks	6
Playgrounds	6

Health Care

Calhoun General Hospital

Transportation

Air:

Nearest Airport -
Yeager Airport
Charleston - 80 miles

Columbus, Ohio - 157 miles

Water:

Ohio River (Parkersburg)

Highway:

US Routes 119 and 33
WV Routes 16 and 5

Financial Institutions

Calhoun County Bank

Communications

Newspapers:
Calhoun Chronicle and
Grantsville News (weekly)

Telephone:
Citizens Telecom

Utilities and Services

Electricity	Monongahela Power
Natural Gas	Pennzoil Co. Hope Gas, Inc. Wagner Gas

Retail Sales (1991)

Calhoun County	$17,540,922

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 not includable in 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 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 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 this 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 purposes of determining the environmental tax imposed by the Code on corporations for taxable years beginning before January 1, 1996 and the 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 rate 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.

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. The complaint contained no allegations that relate to the right or ability of the Board to issue its Bonds.

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 expected that Board liability in any such matters is likely to have an 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 will covenant to an undertaking (the "Undertaking") for the benefit of the registered holder of the Bonds to provide:

(a) within 180 days after the end of its 1996 fiscal year and each subsequent fiscal year, to each nationally recognized municipal securities information repository and to any West Virginia State information depository ("State Depository"), core financial information and operating data for the prior fiscal year, including (i) the Board's audited general purpose financial statements, prepared in accordance with generally accepted accounting principals in effect from time to time, and (ii) material historical quantitative data on the Board's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "School District's Receipts and Expenditures"; and

(b) in a timely manner, to each nationally recognized municipal securities information repository ("National Repository") or to the Municipal Securities Rulemaking Board ("MSRB"), and to the State Depository, notice of any of the following events with respect to the Bonds, if material:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the security;
(7) modifications to rights of security holders;
(8) bond calls;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the securities;
(11) rating changes.

With respect to Event (8), the Board does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail herein, the only open issue is which Bonds will be redeemed in the case of a partial redemption, notice of redemption is given to the registered holders as required under the terms of the Bonds and public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases.

As of August 1, 1996, there is no State Depository and the nationally recognized municipal securities information repositories are: Bloomberg Municipal Repository, P.O. Box 840, Princeton, New Jersey 08542-0840; Kenny Information Systems, Inc., 65 Broadway - 16th Floor, New York, New York 10006; Disclosure, Inc., 5161 River Road, Bethesda, Maryland 20816, Attn.: Document Acquisitions/Municipal Securities; Moody's NRMSIR Public Finance Information Center, 99 Church Street, New York, New York 10007; The Bond Buyer, 395 Hudson Street, New York, New York 10004, Attn.: Municipal Disclosure; and R.R. Donnelley Financial, Municipal Securities Disclosure Archive, 559 Main Street, Hudson, Massachusetts 01749.

Any of the foregoing information may be supplied by including by specific reference information previously supplied to each National Repository and the 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.

This continuing disclosure obligation is being undertaken by the Board to comply with Rule 15c2-12 promulgated by the SEC. The Board has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to the State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Bonds. Registered owners may contact the Superintendent of the Board at RR 1, Box 1E, Grantsville, WV 26147-0460, (304) 354-7011 for more information.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the Board at competitive bidding on August 22, 1996, 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 Goodwin & Goodwin, 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 Series 1996 Bonds its rating of __. Such rating reflects only the respective 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 ratings 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 these Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $3,370,000 in aggregate principal amount of The Board of Education of the County of Calhoun, Public School Bonds, Series 1996. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Calhoun 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 CALHOUN

By /s/_____
President

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AUDIT REPORT OF THE CALHOUN COUNTY, WEST VIRGINIA BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 1995

STATE TAX COMMISSIONER

EX OFFICIO CHIEF INSPECTOR AND SUPERVISOR OF PUBLIC OFFICES

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AUDIT REPORT OF THE

CALHOUN COUNTY, WEST VIRGINIA

BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 1995

This audit has been conducted pursuant to the authority and duty of the State Tax Commissioner as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by Article 9, Chapter 6 of the West Virginia Code.

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF FUNDS INCLUDED IN REPORT

For the Fiscal Year Ended June 30, 1995

GOVERNMENTAL FUND TYPES

General Current Expense

FIDUCIARY FUND TYPE

Trust/Agency

ACCOUNT GROUPS

General Fixed Assets

CALHOUN COUNTY BOARD OF EDUCATION

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CALHOUN COUNTY BOARD OF EDUCATION

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CALHOUN COUNTY BOARD OF EDUCATION

OFFICIALS

For The Fiscal Year Ended June 30, 1995

Office	Name	Term
	Elective	
Board Members:	Jeffery D. Houchin	07/01/92-06/30/96
	Leisa J. Hartshorn	07/01/92-06/30/96
	Jerry Malona	07/01/94-06/30/98
	Carlene Frederick	07/01/94-06/30/98
	Kenneth Heiney	07/01/94-06/30/98
	Appointive	
Board President	Jerry Malona	07/01/94-06/30/96
Superintendent	John H. Hager	07/01/93-06/30/96
Treasurer	Kelly Houchin	07/01/94-03/10/95 04/03/95-05/22/95
	Michael Bowe	03/13/95-03/31/95
	Connie Roberts	05/22/95-06/30/95

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the accompanying general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 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 the notes to the financial statements, the board of education's policy is to prepare its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions comprise 100 percent of the fiduciary fund type. The financial statements of the fiduciary funds, as presented in our report, simply represent the flow of the funds' transactions through the board's accounting system. The fiduciary funds' records were not subjected to audit because we were not engaged to do so.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the board of education at June 30, 1995, and the revenues collected, expenditures paid, and changes in fund equity for the year then ended in conformity with the basis of accounting described in the notes to the financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 1996 on our consideration of the Calhoun County Board of Education's internal control structure and a report dated June 7, 1996 on its compliance with laws and regulations.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF ASSETS, LIABILITIES AND

FUND EQUITY - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Account Groups	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	General Fixed Assets	June 30, 1995	June 30, 1994
Assets					
Current:					
Cash	$1,000,133	$171,191	$ --	$ 1,171,324	$ 1,048,823
Taxes receivable	70,989	--	--	70,989	29,320
Intergovernmental receivables:					
State aid to schools	61,670	5,813	--	67,483	55,735
Reimbursements	200,045	14,997	--	215,042	138,471
Due from other funds	--	--	--	--	86,771
Restricted:					
Deposits with worker's Compensation commission	--	--	--	--	5,828
Fixed:					
Land, buildings and equipment (net of accumulated depreciation)	--	--	16,526,032	16,526,032	16,526,032
Total assets	$1,332,837	$192,001	$16,526,032	$18,050,870	$17,890,980

CALHOUN COUNTY B[illegible]D OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - ALL FUND TYPES

For the Fiscal Year Ended June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	June 30, 1995	June 30, 1994
Excess (deficiency) of revenues collected and other financing sources over expenditures paid and other uses	113,630	(78,496)	35,134	123,298
Fund balances at beginning of year Restated (note 5)	394,435	186,070	580,505	455,858
Add (deduct) net change in (Note 6): Certain receivables	73,509	8,626	82,135	7,178
Fund balances at end of year	$581,574	$116,200	$697,774	$586,334

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL CURRENT EXPENSE FUND

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues collected:			
Local sources:			
Taxes	$ 746,568	$ 750,428	$ 3,860
Earnings on investments	21,050	29,227	8,177
Food service	116,676	69,953	(46,723)
Clearing accounts:			
Student activities	19,664	17,791	(1,873)
Sales	198,127	200,259	2,132
Qther local revenues	74,352	85,556	11,204
Total local sources	1,176,437	1,153,214	(23,223)
State sources:			
Unrestricted grants	6,107,024	6,130,868	23,844
Restricted grants	450,981	418,293	(32,688)
Total state sources	6,558,005	6,549,161	(8,844)
Federal sources:			
Unrestricted:			
Through state	7,621	7,646	25
Restricted:			
Through state	1,020,910	719,633	(301,277)
Reimbursements for food service	378,209	324,825	(53,384)
Total federal sources	1,406,740	1,052,104	(354,636)
Miscellaneous sources:			
Insurance premiums paid by individuals	366	366	--
Total miscellaneous sources	366	366	--
Total revenues collected	9,141,548	8,754,845	(386,703)

CALHOUN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL CURRENT EXPENSE FUND (CONTINUED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures paid:			
Instruction services:			
Regular programs	4,271,249	4,060,244	211,005
Special programs	1,237,554	1,122,588	114,966
Vocational programs	270,044	262,552	7,492
Adult/Continuing education programs	8,846	2,756	6,090
Community service programs	46,640	32,907	13,733
Undistributed support services	3,581,002	3,160,168	420,834
Total instruction services	9,415,335	8,641,215	774,120
Total expenditures paid	9,415,335	8,641,215	774,120
Excess (deficiency) of revenues collected over expenditures paid	(273,787)	113,630	387,417
Fund balance at beginning of year Restated (note 5)	273,787	394,435	120,648
Add (deduct) net change in (Note 6):			
Certain receivables	--	73,509	73,509
Fund balance at end of year	$ --	$ 581,574	$581,574

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRUST/ AGENCY FUNDS

DRUG-FREE COMMUNITIES/CALHOUN-GILMER MULTI-COUNTY VOCATIONAL SCHOOL (COMBINED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues collected:			
Local sources:			
Other local revenues	$ 74,011	$ 74,000	$ (11)
Total local sources	74,011	74,000	(11)
State sources:			
Unrestricted grants	606,410	606,410	--
Restricted grants	76,663	69,127	(7,536)
Total state sources	683,073	675,537	(7,536)
Federal sources:			
Restricted:			
Through state	127,587	106,509	(21,078)
Total federal sources	127,587	106,509	(21,078)
Total revenues collected	884,671	856,046	(28,625)
Expenditures paid:			
Instruction services:			
Regular programs	1,298	1,227	71
Vocational programs	693,197	680,348	12,849
Adult/Continuing education programs	18,965	14,695	4,270
Community service programs	28,675	14,364	14,311
Undistributed support services	322,235	223,908	98,327
Total instruction services	1,064,370	934,542	129,828
Total expenditures paid	1,064,370	934,542	129,828

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRUST/ AGENCY FUNDS

DRUG-FREE COMMUNITIES/CALHOUN-GILMER MULTI-COUNTY VOCATIONAL SCHOOL (COMBINED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues collected over expenditures paid	(179,699)	(78,496)	101,203
Fund balance at beginning of year	179,699	186,070	6,371
Add (deduct) net change in (Note 6):			
Certain receivables	--	8,626	8,626
Fund balance at end of year	$ --	$116,200	$116,200

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Calhoun County Board of Education have been prepared in conformity with the basis of accounting prescribed by the West Virginia Department of Education. The more significant of the board's accounting policies are described below.

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.

The individual schools throughout the county do not meet the criteria of a component unit and should be included as part of the financial activity of reporting entity. The individual schools however, have been excluded as a part of the reporting entity's financial statements. All schools submit annual financial statements for each fund maintained to the county superintendent of schools. Their financial statements are audited annually at the direction of the county board of education.

B. Fund Accounting

The board uses funds and account groups to report on its financial activities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The funds are classified into governmental and fiduciary categories. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general current expense fund is used to account for all activities of the general government not accounted for in some other fund.

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. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

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, 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 on 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 of education, however, prepared its financial statements in accordance with the basis of accounting prescribed 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 cash basis and are recognized in the income statements when received. Exceptions include the following:

- Property taxes collected by the sheriff during the month of June but not received by the school boards until July are reflected as taxes receivable and included in current year's revenue;

- Revenues from state aid to schools and the public employees insurance allocation are recognized on the accrual basis;

- Interest earned on investments is recognized on the accrual basis.

Expenditures are recognized in the income statements when checks are issued. Normal payables at year end are not recognized as expenditures during that year. Prepaid expenses of future years are not recognized as current assets.

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 and public employees insurance allocation. These items have been accrued and are reported as revenues in the board's income statements. Certain receivables, such as federal and state reimbursements, are recognized as receivables in asset accounts but corresponding entries are not made in revenue accounts, nor are such receivables recorded as deferred revenues.

Payables include only those issued salary and related employee deduction checks which have not been released to the payees. These payables have been included as expenditures in the income statements.

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 moneys 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 days 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 forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.

2. The board is also required to submit its preliminary budget to the State Board of School Finance for approval no later than 10 days after the transmittal of the final state aid computations following the adoption of the state budget by the legislature, but no later than May 30. Additionally, a public hearing on the preliminary budget must take place not less than 10 days after the approval of the state board. Changes in the budget as a result of the public hearing are made through the budget supplement and transfer process.

Revisions 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 moneys 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, 1995, 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 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. The board had no fixed-term investments at June 30, 1995.

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

Payments made to vendors for services that will benefit periods beyond June 30, 1995, are not recorded as prepaid items but are considered as expenditures at the time checks are issued.

I. Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. The board records the purchase of fixed assets used in governmental fund type operations as expenditures and does not account for such purchases as capital expenditures.

Fixed assets, however are presented in the accompanying financial statements in the general fixed asset group of accounts based on values reported by the board on the Superintendent's Statistical Report as submitted to the West Virginia Department of Education. No assurance is given that these values are at historical costs, as prescribed by generally accepted accounting principles. Fixed assets were not included on the board's financial statements.

J. Long-term Obligations

Long-term debt is recognized as a liability of the debt service fund when due. The remaining portion of such obligations is reported 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, 1995, 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, 1995. The unreserved fund balance represents funds available for reappropriation.

L. Comparative Data

Comparative total data for the prior year have been presented in the combined financial statements in order to provide an understanding of changes in the board's financial position and operations. However, comparative data have not been presented in each of the combining and individual fund statements.

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 present 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.

Note 2. Property Taxes

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. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain 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.

County boards of education within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twenty-two and ninety-five one hundredths cents (22.95¢); on Class II property, forty-five and ninety one hundredths cents (45.90¢); and on Class III and IV property, ninety-one and eighty one hundredths cents (91.80¢); provided, however, that county boards of education are required to levy outside the levy rates a sufficient amount to pay the principal and interest requirements on bonds, not to exceed in the aggregate five per centum of the assessed value of all taxable property in each county school district.

In addition, county boards of education may provide for an election to lay an excess levy, the rates of which not to exceed one hundred percent of the above authorized maximum levies, provided that a majority of the voters cast ballots in favor of the excess levy.

The rates levied by this board of education per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 1995, were as follows:

Assessed Class of Property	Valuations For Tax Purposes	Current Expense
Class I	$ 5,133,605	20.48¢
Class II	40,378,048	40.96¢
Class III	67,788,330	81.92¢
Class IV	$ 6,751,884	81.92¢

Note 3. Employee Retirement System

All full-time employees of the boards of education are by state statute mandatory members of the State Teachers Retirement System which administers two plans. Since the system's inception, member contributions have also been mandatory. The initial funding mechanism has been changed periodically to alter the percent of contributions from the original four percent (4%) with $100 maximum to the current six percent (6%) with no maximum. The board deducts six percent (6%) of each member's gross salary as the employee's contribution for deposit in the Teachers Accumulation Fund.

Effective July 1, 1991 all new public education employees hired must become members of the Teachers Defined Contribution Plan which began operation July 1, 1991. Members of the original Teachers Retirement System Plan may transfer into the Defined Contribution Plan.

Teachers Defined Contribution Plan members contribute 4.5% of salary into the Defined Contribution Plan, compared to 6% contributed by Teachers Retirement System Plan members. Teachers Defined Contribution members are fully vested in their own contributions. ("Vested" means "having a nonforfeitable right".) The state or county contributes another 7.5% of salary, for 12% of pay total contribution into members' Defined Contribution accounts. Teachers Defined Contribution members vest in one-third of the employer's contributions after 6 years in the plan, in two-thirds after 9 years, and in 100% after 12 years.

The Teachers Retirement System Plan receives contributions through the new Defined Contribution Plan in two ways. (1) Teacher's Retirement System receives 7.5% of the payroll of Teachers Defined Contribution members working for the counties which is covered under the School Aid Formula -- this is the half of the 15% of payroll contributed by the state under School Aid Formula which is not needed to cover the employer's 7.5% contribution to the Defined Contribution Plan. (2) A Defined Contribution Plan member who terminates employment has 5 years to return without losing employer contributions made on his behalf in which he has not yet vested. After that, any forfeited contributions will be deposited in Teachers Retirement System Plan.

The employer's share of the contribution is paid from three sources. For all employees paid from federally funded programs, the board appropriates either six percent (6%) of the gross salaries paid through these specifically funded programs as its share of the expense for deposit in the original Employers Accumulation Fund or 7.5 percent for deposit to the Defined Contribution Plan. For all employees paid from local sources, the plan's funding is based on the statutory requirement that the state match the members contributions at the time of retirement. Beginning July 1, 1989, this matching requirement was modified so as to require the boards of education to pay an employer's share of seven and one half percent (7.5%) on the difference between the amount of funding appropriated for state minimum salaries plus equity through the state basic foundation formula and the total salaries paid. This difference approximates the county salary supplements basically funded with county excess levies. The amounts paid by the various boards of education are deposited into the Employer's Accumulation Fund. The total amount appropriated by the West Virginia Legislature is deposited directly into the Employer's Accumulation Fund. Total employer contributions from federal, state and local sources paid to both plans amounted to $434,742 for the fiscal year ended June 30, 1995.

Information regarding the actuarial present value of accumulated plan benefits for the board of education is not available, since such determination is made on a system-wide basis. The latest study prepared by Scott L. Dennison, FSA, MAAA, is dated December 1, 1994. In this study costs were presented using the entry age normal funding method. The retirement system's unfunded liability at June 30, 1994 was reported as follows:

		06/30/94
Present value of future benefits		$4,319,322,702
Accrued liability		
Active members	2,258,642,912	
Inactive members	1,414,421,274	3,673,064,186
Assets for valuations		
Market value, regular assets	412,952,286	
Amortized book value	434,936,286	412,952,286
Present value of Teachers' Defined Contribution Plan forfeitures		13,200,344
Unfunded accrued liability		3,246,911,556

Annual Costs

Recommended Employer Contributions to Teacher's Retirement System:	
To pay the unfunded accrued liability with a constant payment:	
Amount payable in current year	$268,093,734
Percent of payroll in current year	24.29%
To pay with a constant percent of payroll:	
Amount payable in current year	$168,717,631
Percent of payroll for 40 years	15.28%

Note 4. Pending Litigation

This county board of education has been named as a defendant in a court case pending before the Circuit Court of Calhoun County. The board's attorney did not indicate an opinion as to the possible outcome of this case. As a result contingent liability, if any, has not been determined.

Note 5. Restatement of Fund Balances

The fund balance at the beginning of the year of the following funds required restatement:

General Current Expense Fund

Fund balance at beginning of year, as previously stated	$400,264
Worker's Compensation Deposit	(5,829)
Fund balance at beginning of year, restated	$394,435

Note 6. Recognition of Net Effect of Receivables on Fund Balances

Certain receivables, at June 30, 1995, are recognized in the statement of assets, liabilities and fund equity without corresponding recognition in the related statements of revenues collected, expenditures paid and changes in fund balances, since these statements are maintained on the basis of cash receipts and disbursements. Consequently, the net change in the receivables at June 30, 1995, has an effect on the fund balances which must be recognized in the statements of revenues collected, expenditures paid and changes in fund balances. The effect on each of the fund balances was determined as follows:

	General Current Expense Fund	Trust/ Agency Fund
Receivables at June 30, 1995	$200,045	$14,997
Receivables at June 30, 1994	126,536	6,371
Net effect on fund balances	$ 73,509	$ 8,626

Note 7. Annual Financial Report (Form WVDE 11-10-10)

The following adjustments are required to be made to the amounts reported in the board's annual report to the Department of Education (WVDE 11-10-10):

General Current Expense Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Total Assets
Total assets per WVDE 11-10-10, June 30, 1995			$1,333,098
Adjustments:			
Cash	1,000,393	1,000,132	(261)
Total assets per audit, June 30, 1995			$1,332,837

General Current Expense Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Liabilities and Fund Balance
Total liabilities and fund balance per WVDE 11-10-10, June 30, 1995			$1,333,098
Adjustments:			
Gross fund balance:			
Reserved for encumbrances:			
Service - utilities (926-41)	--	853	853
Service - utilities (926-41)	--	215	215
Reserved for earmarked funds:			
Drug-free communities (90-4)	261	--	(261)
Unreserved (net fund balance):			
Undesignated	76,271	75,203	(1,068)
Total liabilities and fund balance per audit, June 30, 1995			$1,332,837

General Current Expense Fund

Statement of Revenues Collected, Expenditures Paid, and Changes In Fund Balances

	Original Amount	Adjusted Amount	Net Effect on Fund Balance
Fund balance (gross) per WVDE 11-10-10, June 30, 1995			$581,835
Adjustments:			
Revenues collected:			
Federal sources:			
Drug-free communities (90-4)	6,754	--	(6,754)
Expenditures paid:			
Community service programs:			
Drug-free communities (90-4)	3,576	--	3,576
Undistributed service programs:			
Drug-free communities (90-4)	707	--	707
Other financing sources:			
Worker's compensation deposit	5,828	--	5,828
Revenue not collected	61	--	61
Gross fund balance at July 1, 1994	402,656	394,435	(8,221)
Add (deduct) net changes in certain receivables	68,968	73,510	4,542
Fund balance per audit, June 30, 1995			$581,574

Agency Fund

Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Total Assets
Total assets per WVDE 11-10-10, June 30, 1995			$191,740
Adjustments:			
Cash	170,930	171,191	261
Total assets per audit, June 30, 1995			$192,001

Agency Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect On Liabilities and Fund Balance
Total liabilities and fund balance per WVDE 11-10-10, June 30, 1995			$191,740
Adjustments:			
Reserved for earmarked funds:			
Drug-free communities (90-4)	--	261	261
Total liabilities and fund balance per audit, June 30, 1995			$192,001

Agency Fund

Statement of Revenues Collected, Expenditures Paid,
and Changes In Fund Balances

	Original Amount	Adjusted Amount	Net Effect on Fund Balance
Fund balance (gross) per WVDE 11-10-10, June 30, 1995			$115,940
Adjustments:			
Revenue collected:			
Federal sources:			
Drug-free communities (90-4)	--	6,754	6,754
Expenditures paid:			
Community services programs:			
Drug-free communities (90-4)	--	3,577	(3,577)
Undistributed services programs:			
Drug-free communities (90-4)	--	708	(708)
Gross fund balance at July 1, 1994	183,738	186,070	2,332
Add (deduct) net change in certain receivables	13,167	8,626	(4,541)
Fund balance per audit, June 30, 1995			$116,200

Note 8. Agency Funds

(Reference the Combining and Individual Fund Financial Statements)

The Calhoun County Board of Education serves as fiscal agent for two agency funds.

1. The Calhoun - Gilmer Career Center
2. The Drug-Free Communities Program

The Drug-Free Communities Program is operated by the West Virginia University Extension Office. All funds for the extension office are maintained by West Virginia University in Morgantown, West Virginia with exception of the Federal Financial Assistance Grant, represented in the accompanying financial statements.

CALHOUN COUNTY, WEST VIRGINIA

For the Fiscal Year Ended June 30, 1995

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CALHOUN COUNTY BOARD OF EDUCATION

COMBINING BALANCE SHEET - TRUST/AGENCY FUNDS

June 30, 1995

	Calhoun-Gilmer Career Center	Drug-free Communities Program	Total
Assets			
Cash	$170,931	$260	$171,191
Intergovernmental receivables:			
State aid to schools	5,813	--	5,813
Reimbursements	14,997	--	14,997
Total assets	$191,741	$260	$192,001
Liabilities and Fund Balance			
Current liabilities:			
Account payable:			
Salaries and related withholdings payable	75,801	--	75,801
Total	75,801	--	75,801
Fund equity:			
Reserved for encumbrance	8,803	--	8,803
Reserved for earmarked funds	101,802	260	102,062
Undesignated	5,335	--	5,335
Total fund equity	115,940	260	116,200
Total liabilities and gross fund balances	$191,741	$260	$192,001

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TRUST/AGENCY FUNDS

For the Fiscal Year Ended June 30, 1995

	Calhoun-Gilmer Career Center	Drug-free Communities Program	Total
Revenues collected:			
Local sources	$ 74,000	$ --	$ 74,000
State sources	675,537	--	675,537
Federal sources	99,756	6,753	106,509
Total revenues collected	849,293	6,753	856,046
Expenditures paid:			
General government	930,258	4,284	934,542
Total expenditures paid	930,258	4,284	934,542
Excess (deficiency) of revenues collected over expenditures paid	(80,956)	2,469	(78,496)
Fund balance at beginning of year	183,738	2,332	186,070
Add (deduct) net change in (note 6):			
Certain receivables	13,167	(4,541)	8,626
Fund balance at end of year	$115,940	$ 260	$116,200

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

GASTON CAPERTON
GOVERNOR

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996. These general-purpose financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions comprise 100 percent of the fiduciary fund type. The financial statements of the fiduciary fund, as presented in our report, simply represent the flow of the fund's transactions through the board's accounting system. The fiduciary fund records were not subjected to audit because we were not engaged to do so.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the Calhoun County Board of Education taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial

statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole. However, the information included on the Schedule of Federal Financial Assistance for the Calhoun-Gilmer Career Center and Drug-free Communities has not been subjected to audit, and accordingly, we do not express an opinion thereon.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CALHOUN COUNTY B[illegible]D OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Agriculture					
Pass-through State Dept. of Education:					
School Breakfast Program/ National School Lunch Program	10.553/ 10.555	88	$324,825	$ --	
Total U.S. Department of Agriculture			$324,825	$ --	$324,825
U.S. Department of Labor					
Pass-through State Dept. of Education:					
Job Training Partnership Act	17.250	53	--	17,093	
Total U.S. Department of Labor			--	17,093	17,093

CALHOUN COUNTY BOARD OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Education					
Pass-through State Dept. of Education:					
Adult Education - State - Administered Basic Grant Program	84.002	61	--	1,223	
Chapter I Programs - Local Educational Agencies	84.010	41	423,811	--	
Special Education - State Grants	84.027	43	--	120,688	
Vocational Education - Basic Grants to States	84.048	50	--	44,199	
Vocational Education - Consumer and Homemaking Education	84.049	75	--	143	
Federal, State, and Local Partnerships for Educational Improvement	84.151	42	--	11,924	
Special Education - Preschool Grants	84.173	43	--	36,050	

CALHOUN COUNTY . RD OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
Drug-Free Schools and Communities - State Grants	84.186	48	--	33,584	
Homeless Children and Youth	84.196	54	--	14,721	
Total U.S. Department of Education			423,811	262,532	686,343
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES - CALHOUN COUNTY BOARD OF EDUCATION			$748,636	$279,625	$1,028,261

CALHOUN COUNTY BOARD OF EDUCATION

TRUST/AGENCY FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Education					
Pass-through State Dept. of Education:					
Adult Education - State - Administered Basic Grant Program	84.002	61	--	16,627	
Vocational Education - Basic Grants to States	84.048	50	--	28,398	
Drug-Free Schools and Communities - State Grants	84.186	90	--	4,284	
Technical Preparation	84.243	76	--	101,680	
Total U.S. Department of Education			--	150,989	150,989
TOTAL FEDERAL ASSISTANCE EXPENDITURES - TRUST/AGENCY FUND (Calhoun-Gilmer Career Center and Drug-Free Communities Program)			$ --	$150,989	$150,989

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

CALHOUN COUNTY BOARD OF EDUCATION

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For The Fiscal Year Ended June 30, 1995

Note 1. Child Nutrition Program

Child Nutrition Program expenditures include those funded by meal sales, sponsor's contributions and state matching funds.

CALHOUN COUNTY BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORTS ON THE INTERNAL CONTROL STRUCTURE

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of the Calhoun County Board of Education is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general-purpose financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles and is described in the notes to the financial statements. Because of inherent limitations in any internal control structure, errors, irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Calhoun County Board of Education, for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements. These conditions are described in the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described on the Schedule of Reportable Conditions to be a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported on the Schedule of Reportable Conditions.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996
CID/BOE/95/3006

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS (OR OTHER MATTERS)

For The Fiscal Year Ended June 30, 1995

The following is a non-material reportable condition:

INVENTORY CONTROL SYSTEM

CONDITION:

We determined during the audit of the Calhoun County Board of Education that the board did not maintain a perpetual inventory system.

CRITERIA:

The Handbook for School Finance in West Virginia, prepared by the State Department of Education, states, in part, that:

"J. INVENTORY CONTROL

A data management system should exist that will maintain a perpetual inventory. To maintain such an inventory, the county should have a system that will allow for the additions and subtractions of equipment and supplies.

The equipment inventory record for each piece of equipment should include the following information:

a. Name of item, make, model and serial number;
b. Date of acquisition;
c. Purchase order/invoice number;
d. Original cost;
e. Location;
f. Improvements an cost;
g. Maintenance dates, if applicable;
h. Estimated life, and
i. Disposal date.

The supply inventory record for each item or group of items should include the following information:

a. Name if item;
b. Quantity of purchase;
c. Date of purchase;
d. Cost of each purchase;
e. Reorder point;
f. Amount dispensed, and
g. Date dispenses.

Each inventory should be updated continuously as purchases are made and materials are expended."

EFFECT:

As a result of this weakness the Calhoun County Board of Education does not have the necessary information and records for fixed assets essential for protective custody of school property.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education develop a proper perpetual inventory system.

AUDITED AGENCY'S RESPONSE:

"With a reduction in Central Office staff and personnel changes the board has not been able to maintain the inventory control system in place. We will make every effort to update and maintain the old system or implement a new system, whichever is more cost effective."

The following is a non-material reportable condition:

SEPARATION OF DUTIES

CONDITION:

We noted during our audit of the Calhoun County Board of Education that there is insufficient separation of duties. Specifically, the Treasurer of the Calhoun County Board of Education performs all functions of the revenue process. We noted that from the opening of mail, receipting of funds, posting of receipts, preparing financial statements to the reconciliation of bank statements, all these functions were performed by the Treasurer in most cases.

CRITERIA:

In order to provide adequate prevention of both intentional and unintentional errors certain duties must be properly separated. Duties related to the custody of assets, the authorization of transactions, the accounting function, and the record keeping responsibility must be adequately separated.

CAUSE:

No in office procedures were in place to cause the proper separation of duties. Due to the small staff available, a complete separation of duties may not be possible.

EFFECT:

As a result of the lack of separation of duties as they relate to the duties associated with the recording of revenue, the risk of intentional or unintentional errors is increased. Since these prevention controls are not adequate, the need for review over these functions is increased in order to increase the opportunity that any error will be detected in a timely fashion.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review the duties assigned to the staff of the finance office and make every effort to properly separate duties in such a way as to decrease the risk of error.

AUDITED AGENCY'S RESPONSE:

"A finance office consisting of only two people can sometimes make it difficult to achieve a complete separation of duties as required. The opening of mail and depositing of funds, tasks currently being handled by the treasurer will now be handled by the finance office secretary."

The following is an other matter:

FEDERAL EMPLOYER IDENTIFICATION NUMBER

CONDITION:

We noted during our audit of the Calhoun County Board of Education that one organization not controlled by the Calhoun County Board of Education is using the Federal Employer Identification Number of the board. Specifically, the following organization not under the control of the board were using the board's FEIN: Minnora PTO.

CRITERIA:

Only organizations under the control of the board of education should use the board's Federal Employer Identification Number. Use of the board's FEIN by other organizations suggests that the board is acting as the fiscal agent for these organizations and thus assumes certain responsibilities.

CAUSE:

No procedures were in place to disallow organizations not under the control of the board of education to use the board's FEIN.

EFFECT:

As a result of this weakness the board's FEIN is now associated with an organization not under the control of the board and the board may have assumed certain fiscal responsibilities associated with this organization.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education make every effort to allow only organizations under the control of the board to use the board's Federal Employer Identification Number. The board may want to contact all of the local banking institutions to determine if organizations outside of the board's control are using the board's FEIN.

AUDITED AGENCY'S RESPONSE:

"Our bank will be provided with a list of organizations authorized to use the board's FEIN and we will request any organizations not listed be removed. We will also request from the bank a statement that the above action has been taken."

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996. We have also audited the compliance of the board with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 7, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether the board complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, we considered the internal control structure of the Calhoun County Board of Education, in order to determine our auditing procedures for the purpose of expressing our opinions on the board's general-purpose financial statements, and on the board's compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated June 7, 1996.

The management of the Calhoun County Board of Education, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general-purpose financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education,

which basis differs in some respects from generally accepted accounting principles and is described in the notes to the financial statements, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Controls Used in Administering Federal Programs

General Requirements	Specific Requirements
Political activity	Types of services
Davis-Bacon Act N/A	Eligibility
Civil rights	Matching, level of effort, or earmarking
Cash management N/A	Reporting
Federal financial reports N/A	Cost allocation
Allowable costs/cost principles	Monitoring subrecipients N/A
Drug-free workplace	Special tests and provisions
Relocation assistance N/A	Claims for advances and reimbursements
Administrative requirements N/A	Amounts claimed or used for matching N/A

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1995, the Calhoun County Board of Education expended 72 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the board of education's major federal financial assistance programs which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

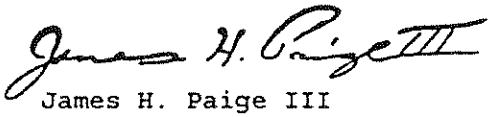
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Calhoun County Board of Education's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. These matters are reported on the Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe all reportable conditions noted to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of the Calhoun County Board of Education, with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1995, and this report does not affect our report thereon dated June 7, 1996.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,



James H. Paige III
State Tax Commissioner

June 7, 1996
CID/BOE/95/4105

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

The following is a material reportable condition:

CHILD NUTRITION PROGRAM - #10.553/10.555

ADULT MEALS - CHARGES

CONDITION:

We noted during this audit that during the school year ended June 30, 1995, the amount charged for adult breakfast and lunch was below the actual cost of the meals, as per the 1995 Child Nutrition Annual Report. Specifically, the amount charged for an adult breakfast was .75¢. The actual cost of the breakfast was $1.51, for a difference of .76¢.

CRITERIA:

In 1984 the Food and Nutrition Service Division of the USDA issued instruction 782-5 concerning the policy on pricing of adult meals. Instruction 782-5 states, in part, that:

> "...the charge to adults should be at least the price charged to students paying full price, plus the current value of Federal cash and commodity assistance for such students' meals."

CAUSE:

Adequate procedures were not in place to assure that the price charged for an adult breakfast and an adult lunch were within the prescribed limits.

EFFECT:

As a result of this underpricing, the cost of the meal was not actually collected and the board incurred a loss. By multiplying the number of adult meals served by the amount undercharged, we can determine the amount of loss to the board.

(1,626 adult breakfasts) x (.76¢ undercharged) =	$1,235.76
Total loss to the board	$1,235.76

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review their pricing policy for adult meals served and make the appropriate corrections so that the amount charged will more closely reflect the actual cost of the meals served.

AUDITED AGENCY'S RESPONSE:

"We will review our pricing policy for adult meals and make the correction to ensure that the amount charged more closely reflects the actual meal costs. The increased costs for adult meals will become effective at the beginning of the 1996-97 school year."

The following is a material reportable condition:

CHILD NUTRITION PROGRAM - #10.553/10.555

PURCHASING PROCEDURES

CONDITION:

We noted during this audit that purchases of food and supplies at the individual schools are made without a review by the Food Service Director. Specifically, all purchases originate at the individual school with cooks ordering food and supplies. When invoices are received at the finance office, the staff approves invoices without the Food Service Director ever reviewing them.

CRITERIA:

In order to provide adequate prevention of both intentional and unintentional errors certain reviews of expenditures should be performed by persons familiar with the needs of the Child Nutrition Program. Duties associated with the authorization of transactions should be approved by the Food Service Director in this case.

CAUSE:

Adequate procedures were not in place to assure that Child Nutrition Program expenditures were reviewed by person knowledgeable about the Child Nutrition Program.

EFFECT:

As a result of the lack of review of Child Nutrition Program expenditures, the risk of intentional or unintentional errors is increased. Since these prevention controls are not adequate, the need for review over this function is increased in order to increase the opportunity that any error will be detected in a timely fashion.

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review the procedures for purchasing of food supplies and make every effort to properly approve all Child Nutrition Program expenditure.

AUDITED AGENCY'S RESPONSE:

"We will review our procedures for purchasing of food supplies to ensure that all Child Nutrition Program expenditures are properly approved."

CALHOUN COUNTY BOARD OF EDUCATION

STATUS OF PRIOR YEAR REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

	Prior Year Condition	Disposition
1.	Partisan political activity	Corrected
2.	Incorrect coding of expenses	Corrected
3.	Separation of duties - hot lunch program	Corrected

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office and Management Budget Circular A-128, "Audits of State and Local Governmental". Those standards and Circular OMB-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Calhoun County Board of Education is the responsibility of the board's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the third paragraph. Accordingly, we express no opinion thereon.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported on our Schedule of Findings and Questioned Costs.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/5103

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 1995

INVENTORY CONTROL

CONDITION:

We noted during our audit that the board of education did not maintain a proper inventory system at historical cost.

Specifically, although the board did prepare an annual inventory schedule it did not maintain a proper perpetual inventory system to allow for additions or deletions of assets purchased, sold, scrapped or in some other way disposed of, at historical cost.

CRITERIA:

The Handbook for School Finance in West Virginia, prepared by the West Virginia Department of Education states, in part, that:

"J. INVENTORY CONTROL

A data management system should exist that will maintain a perpetual inventory. To maintain such an inventory, the county should have a system that will allow for the additions and subtractions of equipment and supplies.

The equipment inventory record for each piece of equipment should include the following information:

a. Name of item, make, model and serial number;
b. Date of acquisition;
c. Purchase order/invoice number;
d. Original cost;
e. Location;
f. Improvements and cost;
g. Maintenance dates, if applicable;
h. Estimated life, and
i. Disposal date.

The supply inventory record for each item or group of items should include the following information:

a. Name if item;
b. Quantity purchased;
c. Date of purchase;
d. Cost of each purchase;
e. Reorder point;
f. Amount dispensed, and
g. Date dispensed.

Adequate accounting procedures and records for fixed assets are essential to the protective custody of school property. A good system will: (a) fix responsibility for custody and proper use, (b) provide data for management of fixed assets, and (c) provide data for financial control, developing financial reports and adequate insurance coverage."

CAUSE:

The board has not developed procedures to ensure that fixed assets are added to the inventory list when received and deleted from the inventory list when disposed of.

EFFECT:

As a result of this noncompliance the board does not have in place an efficient inventory system to provide for the reasonable protection of school property. The risk of items being purchased and not recorded or removed without approval from school use is increased.

RECOMMENDATIONS:

The Calhoun County Board of Education is directed to establish proper records, procedures, and controls to cause a perpetual inventory system to be effectively in place.

AUDITED AGENCY'S RESPONSE:

"With a reduction in Central Office staff and personnel changes the board has not been able to maintain the inventory control system in place. We will make every effort to update and maintain the old system or implement a new system, whichever is more cost effective."

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We have also audited the Calhoun County Board of Education's compliance with the specific requirements listed that governed and were applicable to each major program identified in the accompanying schedule of federal financial assistance.

Specific Requirements

Types of Services	Special requirements
Eligibility	Monitoring subrecipients N/A
Matching, level of effort, or earmarking	Claims for advances and reimbursements
Reporting	Amounts claimed or used for matching N/A
Cost allocations	

The management of the Calhoun County Board of Education is responsible for the board's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Calhoun County Board of Education's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the second paragraph. Accordingly, we express no opinion thereon.

In our opinion, the Calhoun County Board of Education complied, in all material respects, with the specific requirements applicable to each of its major federal financial assistance programs for the year ended June 30, 1995. Those specific requirements are as follows:

Types of Services	Special requirements
Eligibility	Monitoring subrecipients N/A
Matching, level of effort, or earmarking	Claims for advances and reimbursements
Reporting	Amounts claimed or used for matching N/A
Cost allocations	

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/6017

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

In connection with our audit of the general-purpose financial statements of the Calhoun County Board of Education, and with our consideration of the board's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements listed which govern and are applicable to these transactions.

Specific Requirements

Types of services	Special requirements
Eligibility	Monitoring subrecipients N/A
Matching, level of effort, or earmarking N/A	Claims for advances and and reimbursements N/A
Reporting N/A	Amounts claimed or used for matching N/A
Cost allocations N/A	

Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the board's compliance with these requirements. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are reported in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the third paragraph. Accordingly, we express no opinion thereon.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Calhoun County Board of Education had not complied, in all material respects, with those requirements.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/7017

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We have applied procedures to test the board's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1995.

General Requirements

Political Activity	Allowable costs/cost principles
Davis-Bacon Act N/A	Drug-Free work place
Civil Rights	Relocation assistance N/A
Cash management N/A	Administrative requirements N/A
Federal financial reports N/A	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the board's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the second paragraph. Accordingly, we express no opinion thereon.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that cause us to believe that the Calhoun County Board of Education had not complied, in all material respects, with those requirements.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/8017

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APPENDIX B

FORM OF LEGAL OPINION

Goodwin & Goodwin
Charleston, West Virginia

_____, 1996

The Board of Education of the
County of Calhoun
Rt. 1, Box 1E
Grantsville, WV 26147

Re: $3,370,000 The Board of Education of Calhoun County Public School Bonds, Series 1996

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $3,370,000 Public School Bonds, Series 1996 (the "Bonds"), of Calhoun County School District, by and through The Board of Education of the County of Calhoun (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated September 1, 1996, 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 May 1, 1997, as follows:

Year	Principal Amount	Interest Rate
1998	$135,000	_____%
1999	145,000	_____%
2000	155,000	_____%
2001	165,000	_____%
2002	175,000	_____%
2003	190,000	_____%
2004	200,000	_____%
2005	215,000	_____%
2006	230,000	_____%
2007	245,000	_____%
2008	265,000	_____%
2009	280,000	_____%
2010	300,000	_____%
2011	325,000	_____%
2012	345,000	_____%

The Bonds were authorized at the primary election held in Calhoun County School District on May 14, 1996, and by a Resolution and Order adopted by the Issuer (the "Resolution") on June 3, 1996, 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 and equipping of various school projects, with all necessary appurtenances thereto, and for the renovation and rehabilitation of various other public schools situated in Calhoun 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.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution 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 power and is obligated to levy ad valorem taxes upon all the taxable property within Calhoun County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is not includable in 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 reported income or earnings and profits 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 Tax Certificate of the Issuer. Failure to comply with 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 arising with respect to the Bonds.

4. Under the Act, as presently written and applied, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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 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 Calhoun 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.

Respectfully submitted,

GOODWIN & GOODWIN

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PROPOSED FACILITIES

The Board proposes to utilize the proceeds of the Bonds in the following manner:

Projects	Location	Estimated Cost
Arnoldsburg Elementary School Six classrooms and restroom facilities behind the current structure	Arnoldsburg	$ 791,479
Pleasant Hill Elementary School Total replacement of the heating, ventilation and air conditioning system designed for the open space concept	Pleasant Hill	439,711
New Calhoun County Middle/High School	Mt. Zion	
Equipment Seating for Classrooms Chairs for students, teachers' desks and chairs, tables, cafeteria equipment, shelving, etc.		281,841
Technology (computers, wiring) New computers, fiber optic cabling, connections to the internet, network devices and all necessary software		213,193
Upgrade of Heating, Ventilation and Air Conditioning Upgrading system to be more efficient to operate and maintain		459,431
Auditorium Space & Seating for 550 People Instead of 330 Cost of seating additions		215,649
Auxiliary Gym for the Middle/High School Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school		435,713
New Stadium Complex Bleachers, lights, concessions, dressing rooms and shower facilities.		532,983
Total Estimated Costs		$3,370,000

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APPENDIX D

Calhoun County Board of Education

Elected Officials

Kenneth T. Heiney

Mr. Heiney was elected for a 4 year term which began on July 1, 1994. He attended Glenville State College where he studied Multi-subjects and Special Education. Mr. Heiney has served as a Special education teacher at Frametown Elementary and currently teaches at Ritchie County High School. He is also pastor of 2 local Baptist churches. Mr. Heiney is the father of 2 daughters. His term will expire in 1998.

Jerry N. Malona

Mr. Malona was re-elected for a 4 year term which began on July 1, 1994. He graduated from Calhoun County High School and is currently employed by the CNG Corp. He served as president of the Board of Education for 2 years. He is Chief of the Grantsville Volunteer Fire Department and is chairman of Boy Scout Troop 39. Mr. Malona and his wife of 27 years have 2 children. His term will expire in 1998.

Carlene Frederick

Ms. Frederick was elected for a 4 year term which began on July 1, 1994. She is a retired postmistress with 30 years service. She attended Glenville State College majoring in Elementary Education. She is a member of various organizations, serves on the Board of Directors of the Minnie Hamilton Health Care Center, is active in her church where she serves as adult Sunday school teacher and lay leader and is project coordinator for Calhoun County Tobacco Control Coalition. She is the mother of 3 children and has 4 grandchildren. She is also a foster parent. Her term will expire in 1998.

Ralph J. Cunningham

Mr. Cunningham was elected for a 4 year term which began on July 1, 1996. A Calhoun County High School graduate in 1973, he has a vocational school certificate in welding and machine lathe. Additional education includes certificates in Basic Electronics and Computer Specialist. He is a WV State certified Gas Measurement Specialist and D.O.T. certified Gas Regulator Specialist. He is currently in private business in gas measurement after 17 years employment with Consolidated Natural Gas. He does volunteer work in County tee-ball and little league baseball and is on the School Improvement Committee. He is the father of 2 children who are in the county school system. His term

will expire in 2000.

Elmer Lee Evans

Mr. Evans was elected for a 4 year term which began on July 1, 1996. He is a graduate of Glenville State College with a degree in Education. He taught in the Calhoun School System for 21 years. He also served as assistant football coach and the head wrestling coach. Mr. Evans retired from the school system due to a medical problem. He is married with 2 children and a grandson. His term will expire in 2000.

Appointed Officials

Tilden "Skip" Hackworth

Mr. Hackworth became Superintendent of Calhoun County Schools on July 1, 1996. Prior to this appointment he served as:

Assistant Superintendent	Logan County Schools	1994-96
Central Office Administrator	Jackson County Schools	1986-94
Principal	Jackson County Schools	1972-86
Teacher	Jackson County Schools	1970-72

He completed his Bachelors Degree at Glenville State College in 1970 and earned his Masters Degree from West Virginia University in 1972. Mr. Hackworth has completed additional graduate hours at WVU, WV Graduate College and Marshall University.

Connie Roberts

Ms. Roberts was appointed to the position of Director of Finance/Treasurer in 1995. She received her B.A. degree in Business Administration with concentrations in accounting and management from Glenville State College in 1991. She previously worked for 13 years in the accounting department at Glenville State College. She became certified to practice public accounting in 1993.

Judith C. Coffman

Ms. Coffman was employed by the Calhoun County Board of Education on November 8, 1993. She earned a Bachelor of Arts Degree from West Virginia Institute of Technology in 1977. She received her Masters of Arts degree from West Virginia College of Graduate Studies in 1987. She is certified in Early Childhood, Elementary Education, Social Studies Education, Special Education (SLD), Remedial Reading and Educational Administration. She has served as a regular classroom teacher, special education teacher, Title I teacher, elementary principal and is currently Director of Curriculum and Instruction. She is the mother of one daughter. She currently has a continuing contract with the Calhoun County Board of Education.

Donald S. Pitts

Mr. Pitts was appointed Director of Support Services in 1988. He graduated from Calhoun County High School in 1967 and from West Virginia Institute of Technology in 1985 with a B.S. in Vocational Technical Education. He worked from 1972-78 as a building contractor and equipment operator and from 1978-88 as a metal trades instructior at Calhoun Gilmer Career Center. He has been married 25 years and has 3 daughters. He is Chairman of Deacon Board and teacher at Victory Baptist Church and a member of the Board of Directors of the Calhoun Recreation and Development Corp.

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OFFICIAL NOTICE OF SALE
$3,370,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF CALHOUN, WEST VIRGINIA

PUBLIC SCHOOL BONDS, SERIES 1996

Sealed proposals will be received on behalf of The Board of Education of the County of Calhoun, (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on August 22, 1996, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the $3,370,000 Public School Bonds, Series 1996 (the "Bonds") of the Board. The Bonds will mature on May 1 in the years and in the amounts as follows:

Year	Principal Amount	Year	Principal Amount
1998	$135,000	2006	$230,000
1999	145,000	2007	245,000
2000	155,000	2008	265,000
2001	165,000	2009	280,000
2002	175,000	2010	300,000
2003	190,000	2011	325,000
2004	200,000	2012	345,000
2005	215,000		

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 Calhoun 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 September 1, 1996, 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.

At the option of the Board, the 1996 Bonds will be subject to redemption prior to maturity on or after May 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101%
May 1, 2008 and thereafter	100%

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 Board of Investments. The Board of Investments has designated The City National Bank of Charleston, Charleston, West Virginia, as Paying Agent for payment of the Bonds and to act as transfer agent and maintain the registration books, for the Board of Investments, at the Bank's office in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996, and will be payable May 1, 1997, 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. Tilden Hackworth, Superintendent of Schools of the County of Calhoun, 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 $3,370,000) 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 8% per annum, (b) more than one interest rate for any Bonds having like maturity, or (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%). 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 ($67,400), payable to the order of The Board of Education of Calhoun 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.

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 September 1, 1996, 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 Calhoun, West Virginia". The Bonds will be delivered on or about September 10, 1996, 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 Goodwin & Goodwin, 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 Calhoun 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 time 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) an 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. The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

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 the purchase contract. 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. Tilden Hackworth, Superintendent, Calhoun County Board of Education, PO Box 460, Grantsville, West Virginia 26147 (telephone 304/354-7011), or from Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: /s/ Tilden Hackworth
Secretary, The Board of Education of the
County of Calhoun

DATE: August 8, 1996

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OFFICIAL FORM OF PROPOSAL

August 22, 1996

Mr. Tilden Hackworth, Secretary
The Board of Education of
he County of Calhoun, 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 August 8, 1996, which are hereby made part of this bid, we offer to purchase all of the $3,370,000 The Board of Education of the County of Calhoun, (West Virginia), Public School Bonds, Series 1996, described in said Official Notice of Sale, for the price of $3,370,000 plus a premium of $_____ plus accrued interest from September 1, 1996, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates and shall have the respective prices/yields set opposite such years in the following table:

Year	Principal Amount	Interest Rate	Price/ Yield	Year	Principal Amount	Interest Rate	Price/ Yield
1998	$135,000			2006	$230,000		
1999	145,000			2007	245,000		
2000	155,000			2008	265,000		
2001	165,000			2009	280,000		
2002	175,000			2010	300,000		
2003	190,000			2011	325,000		
2004	200,000			2012	345,000		
2005	215,000						

Enclosed is one or more certified or cashier's checks or treasurer's checks drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Calhoun, (West Virginia), for $67,400, which check is to be turned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

_____
Name of Bidder

BY:_____

The foregoing proposal is hereby accepted this ____ day of ___, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: _____

(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 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:_____

NEW ISSUE — FULL BOOK ENTRY

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 not includable in 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 the reported income or earnings and profits of such corporate holder. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof, except inheritance, estate and transfer taxes; and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. See "TAX EXEMPTION" herein.

$3,370,000
THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN (WEST VIRGINIA)
Public School Bonds, Series 1996

Dated: September 1, 1996 **Due: May 1, as shown below**

The Bonds are general obligations of the Board of Education of the County of Calhoun (West Virginia) which Board of Education has power and is obligated to levy ad valorem taxes upon all the taxable property within the Calhoun 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, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Board of Investments. The State Board of Investments has designated The City National Bank of Charleston, as Paying Agent for payment of the Bonds and to act as transfer agent and to maintain the registration books for the State Board of Investments, at its office in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996 and will be payable May 1, 1997 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 Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of 265(b) of the Internal Revenue Code of 1986 as amended (the "Code"). In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

The Bonds are subject to redemption prior to maturity. See optional redemption herein.

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount	Interest Rate*	Yield*	Maturing May 1	Principal Amount	Interest Rate*	Yield*
1998	$135,000	6.625%	3.90%	2006	230,000	4.75%	4.75%
1999	145,000	5.875	4.05	2007	245,000	4.85	4.85
2000	155,000	5.875	4.15	2008	265,000	4.95	4.95
2001	165,000	5.625	4.25	2009	280,000	5.00	5.05
2002	175,000	5.125	4.35	2010	300,000	5.00	5.15
2003	190,000	4.625	4.45	2011	325,000	5.00	5.25
2004	200,000	4.625	4.55	2012	345,000	5.00	5.25
2005	215,000	4.650	4.65				

(Accrued interest to be added)

*The interest rates shown above are the rates payable by the Board resulting from the successful bid for the Bonds on August 22, 1996. The yields shown above are based on information supplied to the Board by the successful bidder. Other information concerning the terms of reoffering of the Bonds should be obtained from the successful bidder, and not from the Board of Education of the County of Calhoun.

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Goodwin & Goodwin, 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 September 10, 1996.

The Date of this Official Statement is August 22, 1996.

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

ELECTED OFFICIALS

Kenneth T. Heiney, President
Jerry N. Malona
Carlene Frederick
Ralph J. Cunningham
Elmer Lee Evans

APPOINTED OFFICIALS

Tilden Hackworth, Superintendent
Kenneth T. Heiney, Board President
Connie Roberts, Director of Finance/Treasurer
Judith C. Coffman, Director of Curriculum
Donald S. Pitts, Director of Support Services

BOND COUNSEL

Goodwin & Goodwin
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 Calhoun, 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.

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OFFICIAL STATEMENT
relating to
$3,370,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF CALHOUN (West Virginia)
Public School Bonds, Series 1996

INTRODUCTION

This Official Statement provides certain information in connection with the sale of $3,370,000 in aggregate principal amount of The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996 (the "Bonds"), of the Board of Education of the County of Calhoun, West Virginia (the "Board"). A brief description of the Calhoun County School District (the "School District") and the County of Calhoun, West Virginia (the "County" or "Calhoun 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 September 1, 1996, are fully registered bonds in $5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
1998	$135,000	6.625 %	3.90 %	2006	$230,000	4.75 %	4.75 %
1999	145,000	5.875	4.05	2007	245,000	4.85	4.85
2000	155,000	5.875	4.15	2008	265,000	4.95	4.95
2001	165,000	5.625	4.25	2009	280,000	5.00	5.05
2002	175,000	5.125	4.35	2010	300,000	5.00	5.15
2003	190,000	4.625	4.45	2011	325,000	5.00	5.25
2004	200,000	4.625	4.55	2012	345,000	5.00	5.25
2005	215,000	4.650	4.65				

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), both the principal of and interest on the Bonds are payable at the office of the West Virginia State Board of Investments. The West Virginia State Board of Investments has designated The City National Bank of Charleston, as its Paying Agent (the "Paying Agent") for payment of the Bonds and to act as transfer agent and to maintain the registration books, for the West Virginia State Board of Investments, at its offices in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996 and will be payable May 1, 1997, and semi-annually thereafter (each May 1 and November 1) in each year to maturity.

Such interest will be paid by check to the registered holder on each such interest payment date at its 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 1996 Bonds are not subject to optional redemption prior to May 1, 2006. At the option of the Board, the 1996 Bonds will be subject to redemption prior to maturity on or after May 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101%
May 1, 2008 and thereafter	100%

Book-Entry Only System

The Series 1996 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 1996 Bonds will not receive certificates representing their interests in the Series 1996 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 1996 Bonds ("Securities"). The Series 1996 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 1996 Bond will be issued for each issue of the Series 1996 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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, as amended. DTC holds securities that its participants (the "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 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 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 banks, securities brokers and dealers 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.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities in 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' record. 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 Participants through which the Beneficial Owner entered into the transaction. Transfer 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.

To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities 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 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.

Conveyance of notices and other communications by DTC to 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.

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

Neither DTC not Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on 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 payable date. 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, 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 disbursements of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities 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, Security 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, Security 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.

For every transfer and exchange of the Series 1996 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation hereto.

In the event the Board determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 1996 Bond certificates, the Board may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 1996 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 1996 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 1996 Bonds at any time by giving notice to the Board and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Board and the Registrar shall be obligated to deliver Series 1996 Bond certificates as described in the Resolution. In the event the Series 1996 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption price of and interest on such Series 1996 Bond certificates. Whenever DTC requests the Board and the Registrar to do so, the Registrar and the Board will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 1996 Bonds to any Participant having the Series 1996 Bonds credited to its DTC

account or (b) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 1996 Bonds.

Purpose

The Bonds are being issued to finance the cost of renovations, upgrades, additions, improvements, equipment and/or furnishing of certain existing and new schools and other buildings owned or used by the Calhoun County School District, as more particularly described in Appendix C, and paying costs of issuance of the Bonds. The Board received a $13,223,000 grant from the School Building Authority of West Virginia to build a new combined middle school and high school that is expected to be completed in the fall of 1997.

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 primary election in the School District held on May 14, 1996, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot question also included a maximum term of 16 years from the date of the Bonds and an interest rate not exceeding 8% per annum. The canvass of said special election showed 1,292 "Yes" votes and 1,256 "No" votes, a 50.71% 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. Section 8 Article X 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 Payment

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") 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 Treasurer of the Board 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 1996 Budget Bill is indicative:

> Sec. 13 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 13, Article 18, Section 20-b, of the code of West Virginia, 1931, as amended, 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 Calhoun. 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.

CALHOUN 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 1998, the terms of three members will expire and in 2000, the terms of two 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 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.

The Calhoun County school system has an administrative staff of 5 with the overall responsibility to coordinate and supervise the activities of 6 school administrators, 113.5 instructional staff (teachers, and other professionals) and 73 service personnel. Total full time employment positions are 197.50. The estimated pupil-teacher ratio for 1995-96 school year is 14.39:1 (combined elementary, middle and secondary schools).

Facilities of the Calhoun County School District

Facility Name	Arnoldsburg	Brooksville	Pleasant Hill	Minnora	Calhoun High
1995-96 Enrollment	208	179	428	206	612
Grades	PK-7	K-7	PK-7	PK-7	8-12
Square Footage	18,869	20,739	39,056	19,376	54,000
Year Constructed	1951	1950	1978	1950	1920
Major Additions	1979,1984 1991	1960,1962, 1970,1974,1978	1983	1979, 1983	1953
Type Construction	M&S	M&S	M&S	M&S	M&S&Wood
Site Acres	5	3	12	6	6

Note: Construction Type - Masonry and Steel (M&S)

Source: Calhoun County Board of Education

Enrollment

1995/96

Arnoldsburg School	208
Brooksville School	179
Minnora School	206
Pleasant Hill School	428
Calhoun High School	612
	1,633

Projected Enrollment

1996/97

Arnoldsburg School	201
Brooksville School	135
Minnora School	196
Pleasant Hill School	416
Calhoun High School	624
	1,572

Source: Calhoun County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the 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 this 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.

CALHOUN COUNTY SCHOOL DISTRICT - TAX LEVIES AND COLLECTIONS

YEAR		Projected Gross Tax Collections at 100%	Projected Net Tax Collections at 93.5% less 2% assessors val. fund	Actual Tax Collections	Actual Percent Collected
1985-86	Current Expense	$1,102,310.38	$1,010,047.00	$801,340.56	72.70%
	Debt Service	$0.00	$0.00	$0.00	
1986-87	Current Expense	$883,279.49	$809,349.00	$909,141.17	102.93%
	Debt Service	$0.00	$0.00	$0.00	
1987-88	Current Expense	$977,408.05	$895,599.00	$962,950.07	98.52%
	Debt Service	$0.00	$0.00	$0.00	
1988-89	Current Expense	$880,421.26	$806,730.00	$837,681.00	95.15%
	Debt Service	$0.00	$0.00	$0.00	
1989-90	Current Expense	$882,699.99	$808,818.00	$825,270.00	93.49%
	Debt Service	$0.00	$0.00	$0.00	
1990-91	Current Expense	$871,295.43	$798,368.00	$837,157.00	96.08%
	Debt Service	$0.00	$0.00	$0.00	
1991-92	Current Expense	$944,382.84	$865,338.00	$898,088.00	95.10%
	Debt Service	$0.00	$0.00	$0.00	
1992-93	Current Expense	$895,228.64	$820,298.00	$856,468.00	95.67%
	Debt Service	$0.00	$0.00	$0.00	
1993-94	Current Expense	$888,635.82	$814,257.00	$871,883.00	98.11%
	Debt Service	$0.00	$0.00	$0.00	
1994-95	Current Expense	$786,534.98	$720,702.00	$750,428.00	95.41%
	Debt Service	$0.00	$0.00	$0.00	

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 7, 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 1996 assessment year valuations are made as of July 1, 1995, with taxes levied and collected during the fiscal year July 1, 1996, through June 30, 1997.

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 assessment 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 5 of the West Virginia Code of 1931, as amended, provide 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,

ASSESSED VALUATION BY PROPERTY CLASS

CLASS	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997
I	8,105,162.00	5,789,064.00	5,133,605.00	5,213,598.00	4,778,033.00
*II	29,699,768.00	33,669,792.00	40,378,048.00	40,312,090.00	42,093,564.00
III	77,970,868.00	76,180,021.00	67,788,330.00	68,211,723.00	71,558,597.00
IV	6,488,032.00	7,258,918.00	6,751,884.00	6,594,183.00	6,991,960.00
TOTALS	122,263,830.00	122,897,795.00	120,051,867.00	120,331,594.00	125,422,154.00

ASSESSED VALUATION BY PROPERTY CATEGORY

CATEGORY					
Real	50,723,407.00	56,082,286.00	65,448,264.00	63,781,130.00	66,138,320.00
Personal	53,615,523.00	47,601,209.00	33,066,903.00	34,286,664.00	36,931,934.00
Public Utility	17,924,900.00	19,214,300.00	21,536,700.00	22,263,800.00	22,351,900.00
TOTALS	122,263,830.00	122,897,795.00	120,051,867.00	120,331,594.00	125,422,154.00

*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:

$ 9,857,560 in 1992-93
$11,089,262 in 1993-94
$12,442,617 in 1994-95
$12,553,600 in 1995-96
$13,493,490 in 1996-97

Source: Certificate of Valuation, Calhoun County Assessor

Largest Assessed Valuations

1995 Assessed Valuation

Name of Property Owner	Class I	Class II	Class III	Class IV
Bee Creek Hunting Club		173,050		
Juanito Aya-Ay				113,880
Ronald Lane		150,120		
David & Pamela Cain		90,070		
Billie & Wanda Houchin			102,180	
Calhoun County Bank	1,463,220			
Grantsville Supermarket				166,736
Tim Ayers		88,140		
Bramble LTD P'Ships			253,020	
Francis Cain	68,580			
Rite Aid				164,415
Frank Masiarczyk		148,000		

SOURCE: Calhoun County Assessor

Tax Rate Comparisons

The following shows Calhoun County property tax rates in cents per $100 assessed valuation, in comparison with a few select surrounding counties, for tax year 1995; Fiscal year 1995-96:

	Rates of Levy		
County	Class I	Class II	Class III/IV
Calhoun	38.50	77.00	154.00
Roane	45.61	91.22	182.44
Clay	35.03	70.06	140.12
Braxton	35.03	70.06	140.12
Gilmer	47.84	95.68	191.36
Ritchie	51.535	103.07	206.14
Wirt	65.24	130.48	260.96

(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.

Current
School Tax Rates - By Property Class
Cents Per $100

	1992-93	1993-94	1994-95	1995-96	1996-97
Class I	21.84	21.84	20.48	20.48	20.48
Class II	43.68	43.68	40.96	40.96	40.96
Class III/IV	87.36	87.36	81.92	81.92	81.92

Source:
Calhoun County Board of Education
Levy Order

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, 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.

The tax rates for citizens of the County, in cents per $100 assessed valuation for the 1995-96 fiscal year, are as follows:

Rates of Levy

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
County Excess	3.47	6.94	13.88
School Current	20.48	40.96	81.92

Source: State of West Virginia
Department of Tax and Revenue

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 1995-96 fiscal year.

Rates of Levy

Municipality	Class I	Class II	Class IV
Grantsville	18.75	37.50	75.00

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 (pro-forma)

Population (1990)	7,885
Assessed Valuation *	$ 125,422,154*
Debt Limit (5% of Assessed Valuation)	$ 6,271,107
Outstanding Debt (including the Bonds).....	$ 3,370,000
Debt Contracting Margin	$ 2,901,107
Per Capita Debt	$ 427.39
Outstanding Debt As Percentage Of Assessed Valuation.....	2.69%

* Assessed Value is estimated to be approximately 60% of appraised or market value. (Fiscal Year 1997 Assessed Valuation)

Debt Service Requirements

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
Public School Bonds 1996

Year Ending June 30	Principal	Interest	Total
1997*	$ -0-	$114,185.83	$114,185.83
1998	135,000	171,278.76	306,278.76
1999	145,000	162,335.00	307,335.00
2000	155,000	153,816.26	308,816.26
2001	165,000	144,710.00	309,710.00
2002	175,000	135,428.76	310,428.76
2003	190,000	126,460.00	316,460.00
2004	200,000	117,672.50	317,672.50
2005	215,000	108,422.50	323,422.50
2006	230,000	98,425.00	328,425.00
2007	245,000	87,500.00	332,500.00
2008	265,000	75,617.50	340,617.50
2009	280,000	62,500.00	342,500.00
2010	300,000	48,500.00	348,500.00
2011	325,000	33,500.00	358,500.00
2012	345,000	17,250.00	362,250.00

*Interest due in FY '97 will be paid from Bond Proceeds and will not be levied

Outstanding Debt

The Board currently has no outstanding bond indebtedness.

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. Permanent Improvement Fund

The Permanent Improvement Fund is a separate and distinct fund and may be used only for the support of building and permanent improvement projects. Revenues consist of (1) proceeds of the levy allocated to the Permanent Improvement Fund, (2) unexpended balances of other funds transferred to the Permanent Improvement Fund, and (3) any other

moneys authorized by law to be used for the purposes of the Permanent Improvement Fund. Revenue will also consist of interest on investments.

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 collection relating to the Bonds which are transferred to the Commission will be invested in the Consolidated Fund maintained by the State Board of Investments. As discussed below, the Consolidated Fund has incurred certain losses as a result of prior investment policies and practices. However, with disclosure of such losses, it is expected that specific investment programs now in place will avoid such future losses.

In 1978, pursuant to authority given by the West Virginia State Legislature in West Virginia Code Chapter 12, Article 6, the State of West Virginia established an investment pool for the common investment of state and local government moneys, known as the "Consolidated Fund." The Consolidated Fund is managed by the West Virginia Board of Investments, the composition of which is discussed herein.

Each participant in the Consolidated Fund owns an undivided interest in the portfolio of the Consolidated Fund based upon the participant's pro-rata contribution of assets at any time. Each participant is deemed to have consented to the methods for sharing gains and losses and all other accounting methods required or adopted by the State Board of Investments. Accounting is based on a daily accrual method for earnings, deposits and withdrawals. As a matter of practice, the Board of Investments informs participants of the yield applicable to their undivided interests on a monthly basis, and interest income is normally credited to each participant's account.

Legislation enacted by the West Virginia Legislature on April 8, 1989, revised the composition of the State Board of Investments which is responsible for funds on deposit in the Consolidated Fund. The number of Board members has been increased to seven with the appointment of four persons who include a certified public accountant, an attorney with experience in finance and investment matters, and two members of the financial community. The State Auditor, the State Treasurer and the Governor will continue as Board members; however, the Governor may designate another individual to represent him on the Board.

The same legislation provides restrictions and conditions on the investment of funds in the Consolidated Fund and requires the establishment of more extensive audit and reporting procedures, including monthly statements to all participants in the fund reflecting the interest

earned and the method by which interest earnings have been calculated. The Board has not experienced any losses of principal as a result of its past investments in the Consolidated Fund. To the best knowledge of the Board, neither the Commission nor any local political subdivision has experienced any loss of principal as a result of its investment in the Consolidated Fund. In 1990, the West Virginia Legislature enacted, and the Governor signed legislation which releases local political subdivisions from any losses incurred by the Board of Investments.

In 1996, pursuant to authority given by the West Virginia State Legislature in West Virginia Code Chapter 44, Article 6B, the State established the "West Virginia Trust Fund". Effective July 1, 1996, the Fund took responsibility for investing the Consolidated Pension Fund, which includes all the State defined benefit retirement plans, the Workers' Compensation Funds and the Coal-Workers' Pneumoconiosis Fund. These funds had previously been invested by the Board of Investments. The 1996 legislation was precipitated by a West Virginia Supreme Court of Appeals ruling that investment of pension funds in equity securities under the structure in existence prior to July 1, 1996 was prohibited by the Constitution. The legislation permits up to 60% of the pension and workers' compensation fund assets to be invested in equity securities.

The Board continues to have responsibility for the common investment of State and local government moneys, and does this through the "Consolidated Fund". All duties, vested by law in any agency, commission, official or other board of the State relating to the investment of moneys, and the acquisition, sale, exchange or disposal of securities or any other investment, other than certain school funds, the Teacher's Defined Contribution plan, the State employees deferred compensation plan and those investments made by the West Virginia Trust Fund, are the purview of the State Board of Investments.

On July 1, 1996, a legal action was filed challenging the constitutionality of the West Virginia Trust Fund, Inc. ("Trust Fund") as a legal entity and also as a mechanism to provide for the investment of pension moneys in equity securities. Subsequently, several other actions were filed by various parties making the same claims. A preliminary order was obtained from the Kanawha County Circuit Court by the Trust Fund to require the State Treasurer to continue the transfer of the employer and employee contributions to the Trust Fund for investment, provided the Trust Fund does not invest any of the money in equity securities, until the legal issues raised by the lawsuits are resolved. Additionally, the Supreme Court directed all legal actions pertaining to the investment of pension funds by the Trust Fund be consolidated into one action in the Circuit Court of Kanawha County, West Virginia. This litigation is not expected to affect the School District's ability to repay principal and interest on the Bonds.

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 the National Council of Governmental Accounting 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 evaluation of Board goals are established by the Superintendent.
October	Student enrollment and personnel employee numbers are gathered systemwide 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	A public hearing shall be held concerning the operating budget not less

May 30 — 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 evaluates 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 analysis. 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.

Calhoun County Board of Education
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1993; 1994; 1995

General Current Expense - Fund 11		BUDGET	
	1993	1994	1995
Revenues:			
Property taxes (Net of allowances)	820,298.00	814,257.00	746,568.09
Other local sources	261,338.00	196,368.00	429,880.05
Intermediate Sources	0.00	2,524.00	0.00
State Sources:	6,340,470.00	6,386,709.00	6,559,945.67
Federal Sources:	1,147,476.00	1,198,009.00	1,411,281.12
Miscellaneous Sources	0.00	566.00	366.56
Total Revenues	8,569,582.00	8,598,433.00	9,148,041.49
Expenditures:			
Regular elem/sec education programs	3,505,667.00	3,994,834.00	4,271,249.15
Special education programs	1,032,181.00	1,199,961.00	1,237,553.60
Vocational education programs	212,898.00	242,949.00	270,044.34
Other elem/sec education programs	0.00	0.00	0.00
Adult/Continuing education programs	69,209.00	35,833.00	8,845.76
Community services programs	30,410.00	31,718.00	50,216.88
Undistributed support services:	3,937,682.00	3,278,643.00	3,581,709.39
Total Expenditures	8,788,047.00	8,783,938.00	9,419,619.12
Excess (deficiency) of Revenues over Expenditures	(218,465.00)	(185,505.00)	(271,577.63)
Other Financing Sources (uses)			
Interfund Transits in	0.00	0.00	0.00
Misc.	0.00	0.00	0.00
Excess (deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(218,465.00)	(185,505.00)	(271,577.63)
Fund Balance at Beginning of Year	218,465.00	185,505.00	271,577.63
Add (deduct) Net Change in Receivables			
Fund Balance - End of Year	$0.00	$0.00	($0.00)

Source: Calhoun County Board of Education

Calhoun County Board of Education
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1993; 1994; 1995

General Current Expense - Fund 11	ACTUAL		
	1993	1994	1995
Revenues:			
Property taxes (Net of allowances)	$856,457.76	$871,943.36	$750,427.62
Other local sources	190,056.87	264,170.47	402,785.88
Intermediate Sources	0.00	2,588.87	0.00
State Sources:	5,959,719.14	6,441,197.72	6,549,160.87
Federal Sources:	989,640.67	817,370.51	1,058,857.64
Miscellaneous Sources	819.30	678.62	366.56
Total Revenues	$7,996,693.74	$8,397,949.55	$8,761,598.57
Expenditures:			
Regular elem/sec education programs	$3,432,098.42	$3,786,947.60	$4,060,244.09
Special education programs	907,546.97	1,054,481.66	1,122,588.43
Vocational education programs	207,708.40	197,512.32	262,552.02
Other elem/sec education programs	0.00	0.00	0.00
Adult/Continuing education programs	33,265.07	21,131.40	2,756.00
Community services programs	23,026.28	24,821.26	36,483.15
Undistributed support services:	3,502,448.22	3,137,745.46	3,160,875.19
Total Expenditures	$8,106,093.36	$8,222,639.70	$8,645,498.88
Excess (deficiency) of Revenues over Expenditures	(109,399.62)	175,309.85	116,099.69
Other Financing Sources (uses)			
Interfund Transits in	0.00	(86,771.18)	0.00
Misc.	(2,457.92)	(15.73)	(5,888.90)
Excess (deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	($111,857.54)	$88,522.94	$110,210.79
Fund Balance at Beginning of Year	362,522.92	256,627.69	402,655.91
Add (deduct) Net Change in Receivables	5,962.31	57,505.28	68,968.12
Fund Balance - End of Year	$256,627.69	$402,655.91	$581,834.82

Source: Calhoun County Board of Education WVDE Report 11-10-10

Teachers Retirement Systems

During the third extraordinary session of 1990, the West Virginia Legislature passed House Bill 311. The law, which was signed by Governor Gaston Caperton, established the new Consolidated Public Retirement Board and eliminated the other state retirement boards. As of July 1, 1991, this new Retirement Board became responsible for the administration of all state retirement plans (excluding some higher education plans): teachers, public employees, judges and public safety. Although this new Consolidated Public Retirement Board administers all of these retirement systems, the assets and the administration of each retirement system remain separate and distinct. This law also established a new defined contribution retirement plan for all educational employees (except higher education) hired after July 1, 1991 and closed the teachers defined benefit plan for new members as of July 1, 1991. The Retirement Board has worked with the Legislature and the Administration to reduce the unfunded liabilities in certain retirement plans.

Teachers Defined Benefit Retirement System

The Teachers' Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher eduction institutions, and employees of the State Department of Education. As of June 30, 1995, 21,992 retirees and beneficiaries were receiving benefits; 5,943 terminated members were entitled to benefits but were not yet receiving them; 32,068 active members were vested; and 1,194 active members were nonvested. 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%. Employers also contribute 7.5% of the Teachers Defined Contribution Retirement System (TDCRS) member's annual earnings to TRS. A member who withdraws from service for any cause other than death or retirement 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 January 14, 1996 for the period ended July 1, 1995, by Scott L. Dennison, FSA, MAAA. 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 7.5% annually, net of expenses. As of July 1, 1995, the unfunded liability of TRS was $3.177 billion, based on recognized valuation of assets at $527.1 million. The funded percentage was 14.2% and assumes salary increases proposed by the Governor during fiscal year 1996-97. 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, the Division of Rehabilitation Services 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, 1995, there were approximately 9,900 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees ar 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 earnings 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. Any forfeitures arising from contributions will be transferred to TRS. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source:_____
State of West Virginia
Consolidated Public Retirment Board

Insurance Coverage

Type	Amount in Force (FY 1995-96)
Flood coverage, buildings and contents	$ 510,000
Builders Risk Insurance	$ 13,700,000
Public official position bond: (Ohio Farmers Ins. Co.)	
Superintendent	$ 10,000
Board President	$ 10,000
Treasurer	$ 75,000
Blanket Employee Bond	$ 10,000
WV Board of Risk & Insurance Management	
Fidelity Honest Bond (all employees)	$ 3,000,000
Money & Securities (all employees)	$ 2,500,000
Deductible - $1,000 per occurence	

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 Ins. Co. of Pittsburgh, Pa.. The Board is an Additional Insured under the policies for the coverage period July 1, 1996 to June 30, 1997.

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 a claim is made against more than one insured.

SPECIAL LIMITS. The auto physical damage limit is the actual cash value not to exceed $50,000 for each vehicle subject to a deductible of $500 for private passenger vehicles or $1,000 for other vehicle types including mobile equipment.

AGGREGATE. The limit of liability for all occurrences is $22,000,000 in the aggregate. This amount is a total aggregate which applies to the general liability and automobile insurance policies combined. The aggregate amount also applies collectively to all insureds, including the State, and not separately to each one.

DEFENSE COSTS. Defense costs are in addition to the each occurrence limit of liability. However, defense costs are subject to the aggregate limit of liability and will be charged to it.

Source: Calhoun County Board of Education

COUNTY OF CALHOUN

Introduction

Calhoun County (the "County") is located in the west central section of West Virginia, 80 miles from Charleston, WV, 47 miles from Parkersburg, WV, and 157 miles from Columbus, Ohio. The Town of Grantsville is the county seat of the County.

The County is governed by, and generally acts through, the County Commission of Calhoun County (the "Commission"). The present Commissioners of the County Commission, elected on a countywide basis, are Larry Cottrell, President, Willis Gainer and Larry McCallister. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended (the "Act"), to create and establish the Commission.

Population Trends

Year	Calhoun County	West Virginia
1970	7,046	1,744,237
1980	8,250	1,949,646
1990	7,885	1,782,958
1994	7,932	1,823,623

Source:
West Virginia Bureau of Employment Program
(Offce of Labor and Economic Research, Oct. 1993)
United States Department of Commerce

Employment and Income Statistics

Average Annual Unemployment Rates

	Calhoun County	West Virginia
1993	19.9%	10.9%
1994	22.2	8.9
1995	22.8	7.9
1996 (May)	17.6	7.0

Source:
WV Bureau of Employment Programs
Labor and Economic Research

Employment by Industry

Industry	Average Annual Employment			
	1992	1993	1994	1995
Mining	100	110	100	96
Construction	190	220	200	177
Manufacturing	240	250	210	183
Transportation, Public Utilities				71
Wholesale and Retail Trade	210	170	180	176
Finance, Insurance, Real Estate				46
Services	270	280	280	195
Government	420	410	420	383

Location	Average Employment	Average Annual Wage
Calhoun County	1,330	$18,699
West Virginia	653,993	$23,498

Wages Per Industry - Calendar Year 1995 - Calhoun County

Industry	Total Wages	Average Annual Wage	Average Weekly Wage
Mining	$ 1,460,991	$ 15,218	$ 292.67
Construction	4,107,816	23,208	446.31
Manufacturing	2,915,118	15,929	306.34
Transportation and Public Utilites	2,539,712	35,770	687.90
Trade - Wholesale & Retail	1,872,550	10,639	204.61
Finance, Insurance & Real Estate	832,092	18,088	347.86
Services	2,716,056	13,928	267.86
Government	8,409,024	21,955	422.22
TOTAL	$24,870,807	$ 18,699	$ 359.61

Source: WV Bureau of Employment Programs
Labor and Economic Reserach
1996

Total Wages (millions)

Year	Calhoun County	West Virginia
1984	21.4	9,933.6
1985	22.2	10,259.0
1986	21.7	10,477.5
1987	23.0	10,773.7
1988	23.8	11,244.6
1989	25.9	11,645.1
1990	26.3	12,471.7
1991	25.7	12,836.2
1992	28.8	13,567.2
1993	28.0	13,981.5
1994	25.8	14,796.2

Source:
WV Bureau of Employment Programs

Per Capita Personal Income

	Income	Rank
United States (1995)	$ 22,788	N/A
West Virginia (1995)	17,915	N/A
Calhoun County (1993)	11,236	52

Source:
WV Bureau of Economic Analysis

Economy

The primary employment in the County deals with manufacturing and services.

Major Employers in Calhoun County:

Employer	Product/Service	No. of Employees
Calhoun County Board of Education	Education	210
Minnie Hamilton Health Care	Urgent Care/Health Dept.	70
Houchin Construction	Construction	68
RPR/Dile Mfg./DP Inc.	Fire Fighting Equip./Car Parts	65
Calhoun County Bank	Financial Services	36
CNG Corp.	Utility	36
Miller Pallet & Lumber Co.	Mfg. Pallets/Wood Products	30
Grantsville Foodland	Grocery	25
Calhoun County	Local Govt. Services	25
Dept. of Human Services	State Govt. Services	24
Town of Grantsville	Local Govt. Services	9

Source: Calhoun County Board of Education

Community Data

Educational Facilities

Public Schools:

Elementary	4
Secondary	1
Vocational	1

Colleges:

Glenville State, Glenville (Gilmer County)

Library

The Calhoun County Public Library - 19,829 volumes

Recreational Facilities

Auditoriums	5
Stadiums	1
Baseball/softball fields	5
Basketball courts:	
indoor	5
outdoor	4
Tennis courts	1
Swimming pools	1
Theaters	1
Golf courses	1
Parks	6
Playgrounds	6

Health Care

Calhoun General Hospital

Transportation

Air:

Nearest Airport -

Yeager Airport

Charleston - 80 miles

Columbus, Ohio - 157 miles

Water:

Ohio River (Parkersburg)

Highway:

US Routes 119 and 33

WV Routes 16 and 5

Financial Institutions

Calhoun County Bank

Communications

Newspapers:
Calhoun Chronicle and
Grantsville News (weekly)

Telephone:
Citizens Telecom

Utilities and Services

Electricity	Monongahela Power
Natural Gas	Pennzoil Co. Hope Gas, Inc. Wagner Gas

Retail Sales (1991)

Calhoun County	$17,540,922

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 not includable in 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 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 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 this 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.

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 rate 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. The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds. 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.

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. The complaint contained no allegations that relate to the right or ability of the Board to issue its Bonds.

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 expected that Board liability in any such matters is likely to have an 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 will covenant to an undertaking (the "Undertaking") for the benefit of the registered holders and beneficial owners of the Bonds to provide:

(a) within 10 days after completion and approval of its 1996 fiscal year-end audited financial statements and each subsequent fiscal year-end audited financial statements, to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information depository ("State Depository"), core financial information and operating data for the prior fiscal year, including (i) the Board's audited general purpose financial statements, prepared in accordance with generally accepted auditing standards in effect from time to time, and (ii) material historical quantitative data on the Board's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "School District's Receipts and Expenditures" including, tax levies and collections data;

(b) within 180 days after the end of its 1996 fiscal year and each subsequent fiscal year, to each National Repository and any State Depository, unaudited general purpose financial statements; and

(c) in a timely manner, to each National Repository or to the Municipal Securities Rulemaking Board ("MSRB"), and to the State Depository, notice of any of the following events with respect to the Bonds, if material:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the security;
(7) modifications to rights of security holders;
(8) bond calls;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the securities;
(11) interruptions in normal assessment and ad valorem property tax proceedures and collections;
(12) rating changes.

With respect to Event (8), the Board does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail herein, the only open issue is which Bonds will be redeemed in the case of a partial redemption, notice of redemption is given to the registered holders as required under the terms of the Bonds and public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases.

As of August 1, 1996, there is no State Depository and the nationally recognized municipal securities information repositories are: Bloomberg Municipal Repository, P.O. Box 840, Princeton, New Jersey 08542-0840; Kenny Information Systems, Inc., 65 Broadway - 16th Floor, New York, New York 10006; Disclosure, Inc., 5161 River Road, Bethesda, Maryland 20816, Attn.: Document Acquisitions/Municipal Securities; Moody's NRMSIR Public Finance Information Center, 99 Church Street, New York, New York 10007; The Bond Buyer, 395 Hudson Street, New York, New York 10004, Attn.: Municipal Disclosure; and R.R. Donnelley Financial, Municipal Securities Disclosure Archive, 559 Main Street, Hudson, Massachusetts 01749.

Any of the foregoing information may be supplied by including by specific reference information previously supplied to each National Repository and the 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.

This continuing disclosure obligation is being undertaken by the Board to comply with Rule 15c2-12 promulgated by the SEC. The Board has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to the State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Bonds. Registered owners may contact the Superintendent of the Board at RR 1, Box 1E, Grantsville, WV 26147-0460, (304) 354-7011 for more information.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Goodwin & Goodwin, 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 Series 1996 Bonds its rating of A. Such rating reflects only the respective 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 ratings 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 these Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $3,370,000 in aggregate principal amount of The Board of Education of the County of Calhoun, Public School Bonds, Series 1996. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Calhoun 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 CALHOUN

By /s/ Kenneth T. Heiney
President

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AUDIT REPORT OF THE CALHOUN COUNTY, WEST VIRGINIA BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 1995

STATE TAX COMMISSIONER

EX OFFICIO CHIEF INSPECTOR AND SUPERVISOR OF PUBLIC OFFICES

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CALHOUN COUNTY BOARD OF EDUCATION

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CALHOUN COUNTY BOARD OF EDUCATION

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CALHOUN COUNTY BOARD OF EDUCATION

OFFICIALS

For The Fiscal Year Ended June 30, 1995

Office	Name	Term
	Elective	
Board Members:	Jeffery D. Houchin	07/01/92-06/30/96
	Leisa J. Hartshorn	07/01/92-06/30/96
	Jerry Malona	07/01/94-06/30/98
	Carlene Frederick	07/01/94-06/30/98
	Kenneth Heiney	07/01/94-06/30/98
	Appointive	
Board President	Jerry Malona	07/01/94-06/30/96
Superintendent	John H. Hager	07/01/93-06/30/96
Treasurer	Kelly Houchin	07/01/94-03/10/95 04/03/95-05/22/95
	Michael Bowe	03/13/95-03/31/95
	Connie Roberts	05/22/95-06/30/95

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the accompanying general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 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 the notes to the financial statements, the board of education's policy is to prepare its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions comprise 100 percent of the fiduciary fund type. The financial statements of the fiduciary funds, as presented in our report, simply represent the flow of the funds' transactions through the board's accounting system. The fiduciary funds' records were not subjected to audit because we were not engaged to do so.

Information regarding the actuarial present value of accumulated plan benefits for the board of education is not available, since such determination is made on a system-wide basis. The latest study prepared by Scott L. Dennison, FSA, MAAA, is dated December 1, 1994. In this study costs were presented using the entry age normal funding method. The retirement system's unfunded liability at June 30, 1994 was reported as follows:

		06/30/94
Present value of future benefits		$4,319,322,702
Accrued liability		
Active members	2,258,642,912	
Inactive members	1,414,421,274	3,673,064,186
Assets for valuations		
Market value, regular assets	412,952,286	
Amortized book value	434,936,286	412,952,286
Present value of Teachers' Defined Contribution Plan forfeitures		13,200,344
Unfunded accrued liability		3,246,911,556

Annual Costs

Recommended Employer Contributions to Teacher's Retirement System:	
To pay the unfunded accrued liability with a constant payment:	
Amount payable in current year	$268,093,734
Percent of payroll in current year	24.29%
To pay with a constant percent of payroll:	
Amount payable in current year	$168,717,631
Percent of payroll for 40 years	15.28%

Note 4. Pending Litigation

This county board of education has been named as a defendant in a court case pending before the Circuit Court of Calhoun County. The board's attorney did not indicate an opinion as to the possible outcome of this case. As a result contingent liability, if any, has not been determined.

Note 5. Restatement of Fund Balances

The fund balance at the beginning of the year of the following funds required restatement:

General Current Expense Fund

Fund balance at beginning of year, as previously stated	$400,264
Worker's Compensation Deposit	(5,829)
Fund balance at beginning of year, restated	$394,435

Note 6. Recognition of Net Effect of Receivables on Fund Balances

Certain receivables, at June 30, 1995, are recognized in the statement of assets, liabilities and fund equity without corresponding recognition in the related statements of revenues collected, expenditures paid and changes in fund balances, since these statements are maintained on the basis of cash receipts and disbursements. Consequently, the net change in the receivables at June 30, 1995, has an effect on the fund balances which must be recognized in the statements of revenues collected, expenditures paid and changes in fund balances. The effect on each of the fund balances was determined as follows:

	General Current Expense Fund	Trust/ Agency Fund
Receivables at June 30, 1995	$200,045	$14,997
Receivables at June 30, 1994	126,536	6,371
Net effect on fund balances	$ 73,509	$ 8,626

Note 7. Annual Financial Report (Form WVDE 11-10-10)

The following adjustments are required to be made to the amounts reported in the board's annual report to the Department of Education (WVDE 11-10-10):

General Current Expense Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Total Assets
Total assets per WVDE 11-10-10, June 30, 1995			$1,333,098
Adjustments:			
Cash	1,000,393	1,000,132	(261)
Total assets per audit, June 30, 1995			$1,332,837

General Current Expense Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Liabilities and Fund Balance
Total liabilities and fund balance per WVDE 11-10-10, June 30, 1995			$1,333,098
Adjustments:			
Gross fund balance:			
Reserved for encumbrances:			
Service - utilities (926-41)	--	853	853
Service - utilities (926-41)	--	215	215
Reserved for earmarked funds:			
Drug-free communities (90-4)	261	--	(261)
Unreserved (net fund balance):			
Undesignated	76,271	75,203	(1,068)
Total liabilities and fund balance per audit, June 30, 1995			$1,332,837

General Current Expense Fund

Statement of Revenues Collected, Expenditures Paid, and Changes In Fund Balances

	Original Amount	Adjusted Amount	Net Effect on Fund Balance
Fund balance (gross) per WVDE 11-10-10, June 30, 1995			$581,835
Adjustments:			
Revenues collected:			
Federal sources:			
Drug-free communities (90-4)	6,754	--	(6,754)
Expenditures paid:			
Community service programs:			
Drug-free communities (90-4)	3,576	--	3,576
Undistributed service programs:			
Drug-free communities (90-4)	707	--	707
Other financing sources:			
Worker's compensation deposit	5,828	--	5,828
Revenue not collected	61	--	61
Gross fund balance at July 1, 1994	402,656	394,435	(8,221)
Add (deduct) net changes in certain receivables	68,968	73,510	4,542
Fund balance per audit, June 30, 1995			$581,574

Agency Fund

Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect on Total Assets
Total assets per WVDE 11-10-10, June 30, 1995			$191,740
Adjustments:			
Cash	170,930	171,191	261
Total assets per audit, June 30, 1995			$192,001

Agency Fund

Statement of Assets, Liabilities and Fund Balance
Arising From Cash Transactions

	Original Amount	Adjusted Amount	Net Effect On Liabilities and Fund Balance
Total liabilities and fund balance per WVDE 11-10-10, June 30, 1995			$191,740
Adjustments:			
Reserved for earmarked funds:			
Drug-free communities (90-4)	--	261	261
Total liabilities and fund balance per audit, June 30, 1995			$192,001

Agency Fund

Statement of Revenues Collected, Expenditures Paid,
and Changes In Fund Balances

	Original Amount	Adjusted Amount	Net Effect on Fund Balance
Fund balance (gross) per WVDE 11-10-10, June 30, 1995			$115,940
Adjustments:			
Revenue collected:			
Federal sources:			
Drug-free communities (90-4)	--	6,754	6,754
Expenditures paid:			
Community services programs:			
Drug-free communities (90-4)	--	3,577	(3,577)
Undistributed services programs:			
Drug-free communities (90-4)	--	708	(708)
Gross fund balance at July 1, 1994	183,738	186,070	2,332
Add (deduct) net change in certain receivables	13,167	8,626	(4,541)
Fund balance per audit, June 30, 1995			$116,200

Note 8. Agency Funds

(Reference the Combining and Individual Fund Financial Statements)

The Calhoun County Board of Education serves as fiscal agent for two agency funds.

1. The Calhoun - Gilmer Career Center
2. The Drug-Free Communities Program

The Drug-Free Communities Program is operated by the West Virginia University Extension Office. All funds for the extension office are maintained by West Virginia University in Morgantown, West Virginia with exception of the Federal Financial Assistance Grant, represented in the accompanying financial statements.

CALHOUN COUNTY, WEST VIRGINIA

For the Fiscal Year Ended June 30, 1995

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CALHOUN COUNTY BOARD OF EDUCATION

COMBINING BALANCE SHEET - TRUST/AGENCY FUNDS

June 30, 1995

	Calhoun-Gilmer Career Center	Drug-free Communities Program	Total
Assets			
Cash	$170,931	$260	$171,191
Intergovernmental receivables:			
State aid to schools	5,813	--	5,813
Reimbursements	14,997	--	14,997
Total assets	$191,741	$260	$192,001
Liabilities and Fund Balance			
Current liabilities:			
Account payable:			
Salaries and related withholdings payable	75,801	--	75,801
Total	75,801	--	75,801
Fund equity:			
Reserved for encumbrance	8,803	--	8,803
Reserved for earmarked funds	101,802	260	102,062
Undesignated	5,335	--	5,335
Total fund equity	115,940	260	116,200
Total liabilities and gross fund balances	$191,741	$260	$192,001

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TRUST/AGENCY FUNDS

For the Fiscal Year Ended June 30, 1995

	Calhoun-Gilmer Career Center	Drug-free Communities Program	Total
Revenues collected:			
Local sources	$ 74,000	$ --	$ 74,000
State sources	675,537	--	675,537
Federal sources	99,756	6,753	106,509
Total revenues collected	849,293	6,753	856,046
Expenditures paid:			
General government	930,258	4,284	934,542
Total expenditures paid	930,258	4,284	934,542
Excess (deficiency) of revenues collected over expenditures paid	(80,956)	2,469	(78,496)
Fund balance at beginning of year	183,738	2,332	186,070
Add (deduct) net change in (note 6):			
Certain receivables	13,167	(4,541)	8,626
Fund balance at end of year	$115,940	$ 260	$116,200

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

GASTON CAPERTON
GOVERNOR

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996. These general-purpose financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions comprise 100 percent of the fiduciary fund type. The financial statements of the fiduciary fund, as presented in our report, simply represent the flow of the fund's transactions through the board's accounting system. The fiduciary fund records were not subjected to audit because we were not engaged to do so.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the Calhoun County Board of Education taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial

statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole. However, the information included on the Schedule of Federal Financial Assistance for the Calhoun-Gilmer Career Center and Drug-free Communities has not been subjected to audit, and accordingly, we do not express an opinion thereon.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CALHOUN COUNTY BOARD OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Agriculture					
Pass-through State Dept. of Education:					
School Breakfast Program/ National School Lunch Program	10.553/ 10.555	88	$324,825	$ --	
Total U.S. Department of Agriculture			$324,825	$ --	$324,825
U.S. Department of Labor					
Pass-through State Dept. of Education:					
Job Trairing Partnership Act	17.250	53	--	17,093	
Total U.S. Department of Labor			--	17,093	17,093

CALHOUN COUNTY BOARD OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Education					
Pass-through State Dept. of Education:					
Adult Education - State - Administered Basic Grant Program	84.002	61	--	1,223	
Chapter I Programs - Local Educational Agencies	84.010	41	423,811	--	
Special Education - State Grants	84.027	43	--	120,688	
Vocational Education - Basic Grants to States	84.048	50	--	44,199	
Vocational Education - Consumer and Homemaking Education	84.049	75	--	143	
Federal, State, and Local Partnerships for Educational Improvement	84.151	42	--	11,924	
Special Education - Preschool Grants	84.173	43	--	36,050	

CALHOUN COUNTY BOARD OF EDUCATION

GENERAL CURRENT EXPENSE FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
Drug-Free Schools and Communities - State Grants	84.186	48	--	33,584	
Homeless Children and Youth	84.196	54	--	14,721	
Total U.S. Department of Education			423,811	262,532	686,343
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES - CALHOUN COUNTY BOARD OF EDUCATION			$748,636	$279,625	$1,028,261

CALHOUN COUNTY BOARD OF EDUCATION

TRUST/AGENCY FUND

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1995

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	State Project Code	Major Program Expenditures	Minor Program Expenditures	Total Grantor Expenditures
U.S. Department of Education					
Pass-through State Dept. of Education:					
Adult Education - State - Administered Basic Grant Program	84.002	61	--	16,627	
Vocational Education - Basic Grants to States	84.048	50	--	28,398	
Drug-Free Schools and Communities - State Grants	84.186	90	--	4,284	
Technical Preparation	84.243	76	--	101,680	
Total U.S. Department of Education			--	150,989	150,989
TOTAL FEDERAL ASSISTANCE EXPENDITURES - TRUST/AGENCY FUND (Calhoun-Gilmer Career Center and Drug-Free Communities Program)			$ --	$150,989	$150,989

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

CALHOUN COUNTY BOARD OF EDUCATION

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For The Fiscal Year Ended June 30, 1995

Note 1. Child Nutrition Program

Child Nutrition Program expenditures include those funded by meal sales, sponsor's contributions and state matching funds.

CALHOUN COUNTY BOARD OF EDUCATION

For the Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORTS ON THE INTERNAL CONTROL STRUCTURE

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of the Calhoun County Board of Education is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general-purpose financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles and is described in the notes to the financial statements. Because of inherent limitations in any internal control structure, errors, irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Calhoun County Board of Education, for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements. These conditions are described in the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described on the Schedule of Reportable Conditions to be a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported on the Schedule of Reportable Conditions.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996
CID/BOE/95/3006

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS (OR OTHER MATTERS)

For The Fiscal Year Ended June 30, 1995

The following is a non-material reportable condition:

INVENTORY CONTROL SYSTEM

CONDITION:

We determined during the audit of the Calhoun County Board of Education that the board did not maintain a perpetual inventory system.

CRITERIA:

The Handbook for School Finance in West Virginia, prepared by the State Department of Education, states, in part, that:

"J. INVENTORY CONTROL

A data management system should exist that will maintain a perpetual inventory. To maintain such an inventory, the county should have a system that will allow for the additions and subtractions of equipment and supplies.

The equipment inventory record for each piece of equipment should include the following information:

a. Name of item, make, model and serial number;
b. Date of acquisition;
c. Purchase order/invoice number;
d. Original cost;
e. Location;
f. Improvements an cost;
g. Maintenance dates, if applicable;
h. Estimated life, and
i. Disposal date.

The supply inventory record for each item or group of items should include the following information:

a. Name if item;
b. Quantity of purchase;
c. Date of purchase;
d. Cost of each purchase;
e. Reorder point;
f. Amount dispensed, and
g. Date dispenses.

Each inventory should be updated continuously as purchases are made and materials are expended."

EFFECT:

As a result of this weakness the Calhoun County Board of Education does not have the necessary information and records for fixed assets essential for protective custody of school property.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education develop a proper perpetual inventory system.

AUDITED AGENCY'S RESPONSE:

"With a reduction in Central Office staff and personnel changes the board has not been able to maintain the inventory control system in place. We will make every effort to update and maintain the old system or implement a new system, whichever is more cost effective."

The following is a non-material reportable condition:

SEPARATION OF DUTIES

CONDITION:

We noted during our audit of the Calhoun County Board of Education that there is insufficient separation of duties. Specifically, the Treasurer of the Calhoun County Board of Education performs all functions of the revenue process. We noted that from the opening of mail, receipting of funds, posting of receipts, preparing financial statements to the reconciliation of bank statements, all these functions were performed by the Treasurer in most cases.

CRITERIA:

In order to provide adequate prevention of both intentional and unintentional errors certain duties must be properly separated. Duties related to the custody of assets, the authorization of transactions, the accounting function, and the record keeping responsibility must be adequately separated.

CAUSE:

No in office procedures were in place to cause the proper separation of duties. Due to the small staff available, a complete separation of duties may not be possible.

EFFECT:

As a result of the lack of separation of duties as they relate to the duties associated with the recording of revenue, the risk of intentional or unintentional errors is increased. Since these prevention controls are not adequate, the need for review over these functions is increased in order to increase the opportunity that any error will be detected in a timely fashion.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review the duties assigned to the staff of the finance office and make every effort to properly separate duties in such a way as to decrease the risk of error.

AUDITED AGENCY'S RESPONSE:

"A finance office consisting of only two people can sometimes make it difficult to achieve a complete separation of duties as required. The opening of mail and depositing of funds, tasks currently being handled by the treasurer will now be handled by the finance office secretary."

The following is an other matter:

FEDERAL EMPLOYER IDENTIFICATION NUMBER

CONDITION:

We noted during our audit of the Calhoun County Board of Education that one organization not controlled by the Calhoun County Board of Education is using the Federal Employer Identification Number of the board. Specifically, the following organization not under the control of the board were using the board's FEIN: Minnora PTO.

CRITERIA:

Only organizations under the control of the board of education should use the board's Federal Employer Identification Number. Use of the board's FEIN by other organizations suggests that the board is acting as the fiscal agent for these organizations and thus assumes certain responsibilities.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the board of education at June 30, 1995, and the revenues collected, expenditures paid, and changes in fund equity for the year then ended in conformity with the basis of accounting described in the notes to the financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 1996 on our consideration of the Calhoun County Board of Education's internal control structure and a report dated June 7, 1996 on its compliance with laws and regulations.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF ASSETS, LIABILITIES AND

FUND EQUITY - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Account Groups	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	General Fixed Assets	June 30, 1995	June 30, 1994
Assets					
Current:					
Cash	$1,000,133	$171,191	$ --	$ 1,171,324	$ 1,048,823
Taxes receivable	70,989	--	--	70,989	29,320
Intergovernmental receivables:					
State aid to schools	61,670	5,813	--	67,483	55,735
Reimbursements	200,045	14,997	--	215,042	138,471
Due from other funds	--	--	--	--	86,771
Restricted:					
Deposits with worker's Compensation commission	--	--	--	--	5,828
Fixed:					
Land, buildings and equipment (net of accumulated depreciation)	--	--	16,526,032	16,526,032	16,526,032
Total assets	$1,332,837	$192,001	$16,526,032	$18,050,870	$17,890,980

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF ASSETS, LIABILITIES AND

FUND EQUITY - ALL FUND TYPES AND

ACCOUNT GROUPS (CONTINUED)

June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Account Groups	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	General Fixed Assets	June 30, 1995	June 30, 1994
Liabilities and Fund Equity					
Current liabilities:					
Accounts payable:					
Salaries and related withholdings payable	$ 751,263	$ 75,801	$ --	$ 827,064	$ 691,843
Due to:					
Other funds	--	--	--	--	86,771
Total liabilities	751,263	75,801	--	827,064	778,614
Fund equity:					
Investments in general fixed assets	--	--	16,526,032	16,526,032	16,526,032
Fund balances:					
Reserved for encumbrances	65,565	8,803	--	74,368	108,559
Reserved for earmarked funds	440,806	102,062	--	542,868	385,116
Unreserved:					
Undesignated	75,203	5,335	--	80,538	92,659
Total fund equity	581,574	116,200	16,526,032	17,223,806	17,112,366
Total liabilities and fund equity	$1,332,837	$192,001	$16,526,032	$18,050,870	$17,890,980

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - ALL FUND TYPES

For the Fiscal Year Ended June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	June 30, 1995	June 30, 1994
Revenues Collected:				
Local sources:				
Taxes (including interest and penalties)	$ 750,428	$ 74,000	$ 824,428	$ 871,883
Other local revenues	402,786	--	402,786	339,570
Intermediate sources	--	--	--	2,589
State sources	6,549,161	675,537	7,224,698	6,996,987
Federal sources	1,052,104	106,509	1,158,613	901,534
Miscellaneous	366	--	366	678
Total revenues collected	8,754,845	856,046	9,610,891	9,113,241
Expenditures paid:				
General government	8,641,215	934,542	9,575,757	8,989,943
Total expenditures paid	8,641,215	934,542	9,575,757	8,989,943
Excess (deficiency) of revenues collected over expenditures paid	113,630	(78,496)	35,134	123,298
Other financing sources (uses):				
Interfund transfers in	--	--	--	86,771
Interfund transfers (out)	--	--	--	(86,771)
Total other financing sources (uses)	--	--	--	--

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - ALL FUND TYPES

For the Fiscal Year Ended June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	General Current Expense	Trust Agency	June 30, 1995	June 30, 1994
Excess (deficiency) of revenues collected and other financing sources over expenditures paid and other uses	113,630	(78,496)	35,134	123,298
Fund balances at beginning of year Restated (note 5)	394,435	186,070	580,505	455,858
Add (deduct) net change in (Note 6): Certain receivables	73,509	8,626	82,135	7,178
Fund balances at end of year	$581,574	$116,200	$697,774	$586,334

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL CURRENT EXPENSE FUND

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues collected:			
Local sources:			
Taxes	$ 746,568	$ 750,428	$ 3,860
Earnings on investments	21,050	29,227	8,177
Food service	116,676	69,953	(46,723)
Clearing accounts:			
Student activities	19,664	17,791	(1,873)
Sales	198,127	200,259	2,132
Other local revenues	74,352	85,556	11,204
Total local sources	1,176,437	1,153,214	(23,223)
State sources:			
Unrestricted grants	6,107,024	6,130,868	23,844
Restricted grants	450,981	418,293	(32,688)
Total state sources	6,558,005	6,549,161	(8,844)
Federal sources:			
Unrestricted:			
Through state	7,621	7,646	25
Restricted:			
Through state	1,020,910	719,633	(301,277)
Reimbursements for food service	378,209	324,825	(53,384)
Total federal sources	1,406,740	1,052,104	(354,636)
Miscellaneous sources:			
Insurance premiums paid by individuals	366	366	--
Total miscellaneous sources	366	366	--
Total revenues collected	9,141,548	8,754,845	(386,703)

CALHOUN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL CURRENT EXPENSE FUND (CONTINUED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures paid:			
Instruction services:			
Regular programs	4,271,249	4,060,244	211,005
Special programs	1,237,554	1,122,588	114,966
Vocational programs	270,044	262,552	7,492
Adult/Continuing education programs	8,846	2,756	6,090
Community service programs	46,640	32,907	13,733
Undistributed support services	3,581,002	3,160,168	420,834
Total instruction services	9,415,335	8,641,215	774,120
Total expenditures paid	9,415,335	8,641,215	774,120
Excess (deficiency) of revenues collected over expenditures paid	(273,787)	113,630	387,417
Fund balance at beginning of year Restated (note 5)	273,787	394,435	120,648
Add (deduct) net change in (Note 6):			
Certain receivables	--	73,509	73,509
Fund balance at end of year	$ --	$ 581,574	$581,574

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRUST/ AGENCY FUNDS

DRUG-FREE COMMUNITIES/CALHOUN-GILMER MULTI-COUNTY VOCATIONAL SCHOOL (COMBINED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues collected:			
Local sources:			
Other local revenues	$ 74,011	$ 74,000	$ (11)
Total local sources	74,011	74,000	(11)
State sources:			
Unrestricted grants	606,410	606,410	--
Restricted grants	76,663	69,127	(7,536)
Total state sources	683,073	675,537	(7,536)
Federal sources:			
Restricted:			
Through state	127,587	106,509	(21,078)
Total federal sources	127,587	106,509	(21,078)
Total revenues collected	884,671	856,046	(28,625)
Expenditures paid:			
Instruction services:			
Regular programs	1,298	1,227	71
Vocational programs	693,197	680,348	12,849
Adult/Continuing education programs	18,965	14,695	4,270
Community service programs	28,675	14,364	14,311
Undistributed support services	322,235	223,908	98,327
Total instruction services	1,064,370	934,542	129,828
Total expenditures paid	1,064,370	934,542	129,828

CALHOUN COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID

AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRUST/ AGENCY FUNDS

DRUG-FREE COMMUNITIES/CALHOUN-GILMER MULTI-COUNTY VOCATIONAL SCHOOL (COMBINED)

For the Fiscal Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues collected over expenditures paid	(179,699)	(78,496)	101,203
Fund balance at beginning of year	179,699	186,070	6,371
Add (deduct) net change in (Note 6):			
Certain receivables	--	8,626	8,626
Fund balance at end of year	$ --	$116,200	$116,200

The notes to the financial statements are an integral part of this statement.

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Calhoun County Board of Education have been prepared in conformity with the basis of accounting prescribed by the West Virginia Department of Education. The more significant of the board's accounting policies are described below.

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.

The individual schools throughout the county do not meet the criteria of a component unit and should be included as part of the financial activity of reporting entity. The individual schools however, have been excluded as a part of the reporting entity's financial statements. All schools submit annual financial statements for each fund maintained to the county superintendent of schools. Their financial statements are audited annually at the direction of the county board of education.

B. Fund Accounting

The board uses funds and account groups to report on its financial activities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The funds are classified into governmental and fiduciary categories. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general current expense fund is used to account for all activities of the general government not accounted for in some other fund.

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. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

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, 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 on 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 of education, however, prepared its financial statements in accordance with the basis of accounting prescribed 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 cash basis and are recognized in the income statements when received. Exceptions include the following:

- Property taxes collected by the sheriff during the month of June but not received by the school boards until July are reflected as taxes receivable and included in current year's revenue;

- Revenues from state aid to schools and the public employees insurance allocation are recognized on the accrual basis;

- Interest earned on investments is recognized on the accrual basis.

Expenditures are recognized in the income statements when checks are issued. Normal payables at year end are not recognized as expenditures during that year. Prepaid expenses of future years are not recognized as current assets.

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 and public employees insurance allocation. These items have been accrued and are reported as revenues in the board's income statements. Certain receivables, such as federal and state reimbursements, are recognized as receivables in asset accounts but corresponding entries are not made in revenue accounts, nor are such receivables recorded as deferred revenues.

Payables include only those issued salary and related employee deduction checks which have not been released to the payees. These payables have been included as expenditures in the income statements.

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 moneys 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 days 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 forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.

2. The board is also required to submit its preliminary budget to the State Board of School Finance for approval no later than 10 days after the transmittal of the final state aid computations following the adoption of the state budget by the legislature, but no later than May 30. Additionally, a public hearing on the preliminary budget must take place not less than 10 days after the approval of the state board. Changes in the budget as a result of the public hearing are made through the budget supplement and transfer process.

Revisions 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 moneys 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, 1995, 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 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. The board had no fixed-term investments at June 30, 1995.

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

Payments made to vendors for services that will benefit periods beyond June 30, 1995, are not recorded as prepaid items but are considered as expenditures at the time checks are issued.

I. Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. The board records the purchase of fixed assets used in governmental fund type operations as expenditures and does not account for such purchases as capital expenditures.

Fixed assets, however are presented in the accompanying financial statements in the general fixed asset group of accounts based on values reported by the board on the Superintendent's Statistical Report as submitted to the West Virginia Department of Education. No assurance is given that these values are at historical costs, as prescribed by generally accepted accounting principles. Fixed assets were not included on the board's financial statements.

J. Long-term Obligations

Long-term debt is recognized as a liability of the debt service fund when due. The remaining portion of such obligations is reported 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, 1995, 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, 1995. The unreserved fund balance represents funds available for reappropriation.

L. Comparative Data

Comparative total data for the prior year have been presented in the combined financial statements in order to provide an understanding of changes in the board's financial position and operations. However, comparative data have not been presented in each of the combining and individual fund statements.

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 present 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.

Note 2. Property Taxes

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. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain 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.

County boards of education within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twenty-two and ninety-five one hundredths cents (22.95¢); on Class II property, forty-five and ninety one hundredths cents (45.90¢); and on Class III and IV property, ninety-one and eighty one hundredths cents (91.80¢); provided, however, that county boards of education are required to levy outside the levy rates a sufficient amount to pay the principal and interest requirements on bonds, not to exceed in the aggregate five per centum of the assessed value of all taxable property in each county school district.

In addition, county boards of education may provide for an election to lay an excess levy, the rates of which not to exceed one hundred percent of the above authorized maximum levies, provided that a majority of the voters cast ballots in favor of the excess levy.

The rates levied by this board of education per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 1995, were as follows:

Assessed Class of Property	Valuations For Tax Purposes	Current Expense
Class I	$ 5,133,605	20.48¢
Class II	40,378,048	40.96¢
Class III	67,788,330	81.92¢
Class IV	$ 6,751,884	81.92¢

Note 3. Employee Retirement System

All full-time employees of the boards of education are by state statute mandatory members of the State Teachers Retirement System which administers two plans. Since the system's inception, member contributions have also been mandatory. The initial funding mechanism has been changed periodically to alter the percent of contributions from the original four percent (4%) with $100 maximum to the current six percent (6%) with no maximum. The board deducts six percent (6%) of each member's gross salary as the employee's contribution for deposit in the Teachers Accumulation Fund.

Effective July 1, 1991 all new public education employees hired must become members of the Teachers Defined Contribution Plan which began operation July 1, 1991. Members of the original Teachers Retirement System Plan may transfer into the Defined Contribution Plan.

Teachers Defined Contribution Plan members contribute 4.5% of salary into the Defined Contribution Plan, compared to 6% contributed by Teachers Retirement System Plan members. Teachers Defined Contribution members are fully vested in their own contributions. ("Vested" means "having a nonforfeitable right".) The state or county contributes another 7.5% of salary, for 12% of pay total contribution into members' Defined Contribution accounts. Teachers Defined Contribution members vest in one-third of the employer's contributions after 6 years in the plan, in two-thirds after 9 years, and in 100% after 12 years.

The Teachers Retirement System Plan receives contributions through the new Defined Contribution Plan in two ways. (1) Teacher's Retirement System receives 7.5% of the payroll of Teachers Defined Contribution members working for the counties which is covered under the School Aid Formula -- this is the half of the 15% of payroll contributed by the state under School Aid Formula which is not needed to cover the employer's 7.5% contribution to the Defined Contribution Plan. (2) A Defined Contribution Plan member who terminates employment has 5 years to return without losing employer contributions made on his behalf in which he has not yet vested. After that, any forfeited contributions will be deposited in Teachers Retirement System Plan.

The employer's share of the contribution is paid from three sources. For all employees paid from federally funded programs, the board appropriates either six percent (6%) of the gross salaries paid through these specifically funded programs as its share of the expense for deposit in the original Employers Accumulation Fund or 7.5 percent for deposit to the Defined Contribution Plan. For all employees paid from local sources, the plan's funding is based on the statutory requirement that the state match the members contributions at the time of retirement. Beginning July 1, 1989, this matching requirement was modified so as to require the boards of education to pay an employer's share of seven and one half percent (7.5%) on the difference between the amount of funding appropriated for state minimum salaries plus equity through the state basic foundation formula and the total salaries paid. This difference approximates the county salary supplements basically funded with county excess levies. The amounts paid by the various boards of education are deposited into the Employer's Accumulation Fund. The total amount appropriated by the West Virginia Legislature is deposited directly into the Employer's Accumulation Fund. Total employer contributions from federal, state and local sources paid to both plans amounted to $434,742 for the fiscal year ended June 30, 1995.

CAUSE:

No procedures were in place to disallow organizations not under the control of the board of education to use the board's FEIN.

EFFECT:

As a result of this weakness the board's FEIN is now associated with an organization not under the control of the board and the board may have assumed certain fiscal responsibilities associated with this organization.

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education make every effort to allow only organizations under the control of the board to use the board's Federal Employer Identification Number. The board may want to contact all of the local banking institutions to determine if organizations outside of the board's control are using the board's FEIN.

AUDITED AGENCY'S RESPONSE:

"Our bank will be provided with a list of organizations authorized to use the board's FEIN and we will request any organizations not listed be removed. We will also request from the bank a statement that the above action has been taken."

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON THE
INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996. We have also audited the compliance of the board with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 7, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether the board complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, we considered the internal control structure of the Calhoun County Board of Education, in order to determine our auditing procedures for the purpose of expressing our opinions on the board's general-purpose financial statements, and on the board's compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated June 7, 1996.

The management of the Calhoun County Board of Education, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general-purpose financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education,

which basis differs in some respects from generally accepted accounting principles and is described in the notes to the financial statements, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Controls Used in Administering Federal Programs

General Requirements	Specific Requirements
Political activity	Types of services
Davis-Bacon Act N/A	Eligibility
Civil rights	Matching, level of effort, or earmarking
Cash management N/A	Reporting
Federal financial reports N/A	Cost allocation
Allowable costs/cost principles	Monitoring subrecipients N/A
Drug-free workplace	Special tests and provisions
Relocation assistance N/A	Claims for advances and reimbursements
Administrative requirements N/A	Amounts claimed or used for matching N/A

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1995, the Calhoun County Board of Education expended 72 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the board of education's major federal financial assistance programs which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

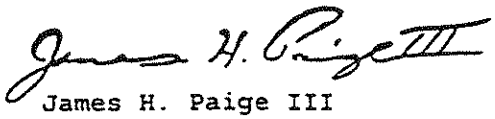
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Calhoun County Board of Education's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. These matters are reported on the Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe all reportable conditions noted to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of the Calhoun County Board of Education, with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1995, and this report does not affect our report thereon dated June 7, 1996.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,



James H. Paige III
State Tax Commissioner

June 7, 1996
CID/BOE/95/4105

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

The following is a material reportable condition:

CHILD NUTRITION PROGRAM - #10.553/10.555

ADULT MEALS - CHARGES

CONDITION:

We noted during this audit that during the school year ended June 30, 1995, the amount charged for adult breakfast and lunch was below the actual cost of the meals, as per the 1995 Child Nutrition Annual Report. Specifically, the amount charged for an adult breakfast was .75¢. The actual cost of the breakfast was $1.51, for a difference of .76¢.

CRITERIA:

In 1984 the Food and Nutrition Service Division of the USDA issued instruction 782-5 concerning the policy on pricing of adult meals. Instruction 782-5 states, in part, that:

> "...the charge to adults should be at least the price charged to students paying full price, plus the current value of Federal cash and commodity assistance for such students' meals."

CAUSE:

Adequate procedures were not in place to assure that the price charged for an adult breakfast and an adult lunch were within the prescribed limits.

EFFECT:

As a result of this underpricing, the cost of the meal was not actually collected and the board incurred a loss. By multiplying the number of adult meals served by the amount undercharged, we can determine the amount of loss to the board.

(1,626 adult breakfasts) x (.76¢ undercharged) = $1,235.76

Total loss to the board $1,235.76

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review their pricing policy for adult meals served and make the appropriate corrections so that the amount charged will more closely reflect the actual cost of the meals served.

AUDITED AGENCY'S RESPONSE:

"We will review our pricing policy for adult meals and make the correction to ensure that the amount charged more closely reflects the actual meal costs. The increased costs for adult meals will become effective at the beginning of the 1996-97 school year."

The following is a material reportable condition:

CHILD NUTRITION PROGRAM - #10.553/10.555

PURCHASING PROCEDURES

CONDITION:

We noted during this audit that purchases of food and supplies at the individual schools are made without a review by the Food Service Director. Specifically, all purchases originate at the individual school with cooks ordering food and supplies. When invoices are received at the finance office, the staff approves invoices without the Food Service Director ever reviewing them.

CRITERIA:

In order to provide adequate prevention of both intentional and unintentional errors certain reviews of expenditures should be performed by persons familiar with the needs of the Child Nutrition Program. Duties associated with the authorization of transactions should be approved by the Food Service Director in this case.

CAUSE:

Adequate procedures were not in place to assure that Child Nutrition Program expenditures were reviewed by person knowledgeable about the Child Nutrition Program.

EFFECT:

As a result of the lack of review of Child Nutrition Program expenditures, the risk of intentional or unintentional errors is increased. Since these prevention controls are not adequate, the need for review over this function is increased in order to increase the opportunity that any error will be detected in a timely fashion.

CALHOUN COUNTY BOARD OF EDUCATION

SCHEDULE OF REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

RECOMMENDATIONS:

It is recommended that the Calhoun County Board of Education review the procedures for purchasing of food supplies and make every effort to properly approve all Child Nutrition Program expenditure.

AUDITED AGENCY'S RESPONSE:

"We will review our procedures for purchasing of food supplies to ensure that all Child Nutrition Program expenditures are properly approved."

CALHOUN COUNTY BOARD OF EDUCATION

STATUS OF PRIOR YEAR REPORTABLE CONDITIONS AND OTHER MATTERS

For the Fiscal Year Ended June 30, 1995

	Prior Year Condition	Disposition
1.	Partisan political activity	Corrected
2.	Incorrect coding of expenses	Corrected
3.	Separation of duties - hot lunch program	Corrected

CALHOUN COUNTY BOARD OF EDUCATION

For The Fiscal Year Ended June 30, 1995

INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office and Management Budget Circular A-128, "Audits of State and Local Governmental". Those standards and Circular OMB-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Calhoun County Board of Education is the responsibility of the board's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the third paragraph. Accordingly, we express no opinion thereon.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported on our Schedule of Findings and Questioned Costs.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/5103

INVENTORY CONTROL

CONDITION:

We noted during our audit that the board of education did not maintain a proper inventory system at historical cost.

Specifically, although the board did prepare an annual inventory schedule it did not maintain a proper perpetual inventory system to allow for additions or deletions of assets purchased, sold, scrapped or in some other way disposed of, at historical cost.

CRITERIA:

The Handbook for School Finance in West Virginia, prepared by the West Virginia Department of Education states, in part, that:

"J. INVENTORY CONTROL

A data management system should exist that will maintain a perpetual inventory. To maintain such an inventory, the county should have a system that will allow for the additions and subtractions of equipment and supplies.

The equipment inventory record for each piece of equipment should include the following information:

a. Name of item, make, model and serial number;
b. Date of acquisition;
c. Purchase order/invoice number;
d. Original cost;
e. Location;
f. Improvements and cost;
g. Maintenance dates, if applicable;
h. Estimated life, and
i. Disposal date.

The supply inventory record for each item or group of items should include the following information:

a. Name if item;
b. Quantity purchased;
c. Date of purchase;
d. Cost of each purchase;
e. Reorder point;
f. Amount dispensed, and
g. Date dispensed.

Adequate accounting procedures and records for fixed assets are essential to the protective custody of school property. A good system will: (a) fix responsibility for custody and proper use, (b) provide data for management of fixed assets, and (c) provide data for financial control, developing financial reports and adequate insurance coverage."

CAUSE:

The board has not developed procedures to ensure that fixed assets are added to the inventory list when received and deleted from the inventory list when disposed of.

EFFECT:

As a result of this noncompliance the board does not have in place an efficient inventory system to provide for the reasonable protection of school property. The risk of items being purchased and not recorded or removed without approval from school use is increased.

RECOMMENDATIONS:

The Calhoun County Board of Education is directed to establish proper records, procedures, and controls to cause a perpetual inventory system to be effectively in place.

AUDITED AGENCY'S RESPONSE:

"With a reduction in Central Office staff and personnel changes the board has not been able to maintain the inventory control system in place. We will make every effort to update and maintain the old system or implement a new system, whichever is more cost effective."

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We have also audited the Calhoun County Board of Education's compliance with the specific requirements listed that governed and were applicable to each major program identified in the accompanying schedule of federal financial assistance.

Specific Requirements

Types of Services	Special requirements
Eligibility	Monitoring subrecipients N/A
Matching, level of effort, or earmarking	Claims for advances and reimbursements
Reporting	Amounts claimed or used for matching N/A
Cost allocations	

The management of the Calhoun County Board of Education is responsible for the board's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Calhoun County Board of Education's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the second paragraph. Accordingly, we express no opinion thereon.

In our opinion, the Calhoun County Board of Education complied, in all material respects, with the specific requirements applicable to each of its major federal financial assistance programs for the year ended June 30, 1995. Those specific requirements are as follows:

Types of Services		Special requirements	
Eligibility		Monitoring subrecipients	N/A
Matching, level of effort, or earmarking		Claims for advances and reimbursements	
Reporting		Amounts claimed or used for matching	N/A
Cost allocations			

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/6017

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

In connection with our audit of the general-purpose financial statements of the Calhoun County Board of Education, and with our consideration of the board's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements listed which govern and are applicable to these transactions.

Specific Requirements

Types of services	Special requirements
Eligibility	Monitoring subrecipients N/A
Matching, level of effort, or earmarking N/A	Claims for advances and and reimbursements N/A
Reporting N/A	Amounts claimed or used for matching N/A
Cost allocations N/A	

Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the board's compliance with these requirements. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are reported in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the third paragraph. Accordingly, we express no opinion thereon.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Calhoun County Board of Education had not complied, in all material respects, with those requirements.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/7017

GASTON CAPERTON
GOVERNOR

State of West Virginia
Department of Tax and Revenue
TAX DIVISION
P. O. Box 2389
Charleston, WV 25328-2389

JAMES H. PAIGE III
SECRETARY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Members of the
Calhoun County Board of Education
Grantsville, West Virginia 26147

We have audited the general-purpose financial statements of the Calhoun County Board of Education, as of and for the year ended June 30, 1995, and have issued our report thereon dated June 7, 1996.

We have applied procedures to test the board's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1995.

General Requirements

Political Activity	Allowable costs/cost principles
Davis-Bacon Act N/A	Drug-Free work place
Civil Rights	Relocation assistance N/A
Cash management N/A	Administrative requirements N/A
Federal financial reports N/A	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the board's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

The board serves as fiscal agent for Calhoun-Gilmer Career Center and Drug-free Communities whose financial transactions as they flow through the board's accounting system are contained in and represent 100 percent of the fiduciary fund type presented in our report. Because we were not engaged to audit Calhoun-Gilmer Career Center and Drug-free Communities records, their records were not tested for compliance with the requirements listed in the second paragraph. Accordingly, we express no opinion thereon.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that cause us to believe that the Calhoun County Board of Education had not complied, in all material respects, with those requirements.

This report is intended for the information of the officials of the Calhoun County Board of Education, the Department of Tax and Revenue, the Department of Education, and other state and federal agencies. This intent, however, is not meant to restrict access to this report, which, in accordance with West Virginia Code § 6-9-9a, is to be considered a public document and shall be made available for public inspection.

Respectfully submitted,

James H. Paige III
State Tax Commissioner

June 7, 1996

CID/BOE/95/8017

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APPENDIX B

FORM OF LEGAL OPINION

Goodwin & Goodwin
Charleston, West Virginia

September 10, 1996

The Board of Education of the
County of Calhoun
Rt. 1, Box 1E
Grantsville, WV 26147

Re: $3,370,000 The Board of Education of Calhoun County Public School Bonds, Series 1996

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $3,370,000 Public School Bonds, Series 1996 (the "Bonds"), of Calhoun County School District, by and through The Board of Education of the County of Calhoun (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated September 1, 1996, 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 May 1, 1997, as follows:

Year	Principal Amount	Interest Rate
1998	$135,000	6.625%
1999	145,000	5.875%
2000	155,000	5.875%
2001	165,000	5.625%
2002	175,000	5.125%
2003	190,000	4.625%
2004	200,000	4.625%
2005	215,000	4.65%
2006	230,000	4.75%
2007	245,000	4.85%
2008	265,000	4.95%
2009	280,000	5.00%
2010	300,000	5.00%
2011	325,000	5.00%
2012	345,000	5.00%

The Bonds were authorized at the primary election held in Calhoun County School District on May 14, 1996, and by a Resolution and Order adopted by the Issuer (the "Resolution") on June 3, 1996, 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 and equipping of various school projects, with all necessary appurtenances thereto, and for the renovation and rehabilitation of various other public schools situated in Calhoun 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.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon the foregoing, and assuming compliance with the representations, covenants and certifications of the Issuer contained in the Resolution 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 power and is obligated to levy ad valorem taxes upon all the taxable property within Calhoun County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and

applied, the interest on the Bonds, including original issue discount properly allocable to owners of those Bonds maturing May 1, 2009 through May 1, 2012 identified as "original issue discount bonds" by the purchasers thereby, 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 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 reported income or earnings and profits 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 Tax Certificate of the Issuer. Failure to comply with 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 arising with respect to the Bonds.

4. Under the Act, as presently written and applied, the Bonds are exempt from direct taxation by the State of West Virginia or any political subdivision thereof and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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 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 Calhoun 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.

Respectfully submitted,

GOODWIN & GOODWIN

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PROPOSED FACILITIES

The Board proposes to utilize the proceeds of the Bonds in the following manner:

Projects	Location	Estimated Cost
Arnoldsburg Elementary School Six classrooms and restroom facilities behind the current structure	Arnoldsburg	$ 791,479
Pleasant Hill Elementary School Total replacement of the heating, ventilation and air conditioning system designed for the open space concept	Pleasant Hill	439,711
New Calhoun County Middle/High School	Mt. Zion	
Equipment Seating for Classrooms Chairs for students, teachers' desks and chairs, tables, cafeteria equipment, shelving, etc.		281,841
Technology (computers, wiring) New computers, fiber optic cabling, connections to the internet, network devices and all necessary software		213,193
Upgrade of Heating, Ventilation and Air Conditioning Upgrading system to be more efficient to operate and maintain		459,431
Auditorium Space & Seating for 550 People Instead of 330 Cost of seating additions		215,649
Auxiliary Gym for the Middle/High School Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school		435,713
New Stadium Complex Bleachers, lights, concessions, dressing rooms and shower facilities.		532,983
Total Estimated Costs		$3,370,000

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APPENDIX D

Calhoun County Board of Education

Elected Officials

Kenneth T. Heiney

Mr. Heiney was elected for a 4 year term which began on July 1, 1994. He attended Glenville State College where he studied Multi-subjects and Special Education. Mr. Heiney has served as a Special education teacher at Frametown Elementary and currently teaches at Ritchie County High School. He is also pastor of 2 local Baptist churches. Mr. Heiney is the father of 2 daughters. His term will expire in 1998.

Jerry N. Malona

Mr. Malona was re-elected for a 4 year term which began on July 1, 1994. He graduated from Calhoun County High School and is currently employed by the CNG Corp. He served as president of the Board of Education for 2 years. He is Chief of the Grantsville Volunteer Fire Department and is chairman of Boy Scout Troop 39. Mr. Malona and his wife of 27 years have 2 children. His term will expire in 1998.

Carlene Frederick

Ms. Frederick was elected for a 4 year term which began on July 1, 1994. She is a retired postmistress with 30 years service. She attended Glenville State College majoring in Elementary Education. She is a member of various organizations, serves on the Board of Directors of the Minnie Hamilton Health Care Center, is active in her church where she serves as adult Sunday school teacher and lay leader and is project coordinator for Calhoun County Tobacco Control Coalition. She is the mother of 3 children and has 4 grandchildren. She is also a foster parent. Her term will expire in 1998.

Ralph J. Cunningham

Mr. Cunningham was elected for a 4 year term which began on July 1, 1996. A Calhoun County High School graduate in 1973, he has a vocational school certificate in welding and machine lathe. Additional education includes certificates in Basic Electronics and Computer Specialist. He is a WV State certified Gas Measurement Specialist and D.O.T. certified Gas Regulator Specialist. He is currently in private business in gas measurement after 17 years employment with Consolidated Natural Gas. He does volunteer work in County tee-ball and little league baseball and is on the School Improvement Committee. He is the father of 2 children who are in the county school system. His term

will expire in 2000.

Elmer Lee Evans

Mr. Evans was elected for a 4 year term which began on July 1, 1996. He is a graduate of Glenville State College with a degree in Education. He taught in the Calhoun School System for 21 years. He also served as assistant football coach and the head wrestling coach. Mr. Evans retired from the school system due to a medical problem. He is married with 2 children and a grandson. His term will expire in 2000.

Appointed Officials

Tilden "Skip" Hackworth

Mr. Hackworth became Superintendent of Calhoun County Schools on July 1, 1996. Prior to this appointment he served as:

Assistant Superintendent	Logan County Schools	1994-96
Central Office Administrator	Jackson County Schools	1986-94
Principal	Jackson County Schools	1972-86
Teacher	Jackson County Schools	1970-72

He completed his Bachelors Degree at Glenville State College in 1970 and earned his Masters Degree from West Virginia University in 1972. Mr. Hackworth has completed additional graduate hours at WVU, WV Graduate College and Marshall University.

Connie Roberts

Ms. Roberts was appointed to the position of Director of Finance/Treasurer in 1995. She received her B.A. degree in Business Administration with concentrations in accounting and management from Glenville State College in 1991. She previously worked for 13 years in the accounting department at Glenville State College. She became certified to practice public accounting in 1993.

Judith C. Coffman

Ms. Coffman was employed by the Calhoun County Board of Education on November 8, 1993. She earned a Bachelor of Arts Degree from West Virginia Institute of Technology in 1977. She received her Masters of Arts degree from West Virginia College of Graduate Studies in 1987. She is certified in Early Childhood, Elementary Education, Social Studies Education, Special Education (SLD), Remedial Reading and Educational Administration. She has served as a regular classroom teacher, special education teacher, Title I teacher, elementary principal and is currently Director of Curriculum and Instruction. She is the mother of one daughter. She currently has a continuing contract with the Calhoun County Board of Education.

Donald S. Pitts

Mr. Pitts was appointed Director of Support Services in 1988. He graduated from Calhoun County High School in 1967 and from West Virginia Institute of Technology in 1985 with a B.S. in Vocational Technical Education. He worked from 1972-78 as a building contractor and equipment operator and from 1978-88 as a metal trades instructior at Calhoun Gilmer Career Center. He has been married 25 years and has 3 daughters. He is Chairman of Deacon Board and teacher at Victory Baptist Church and a member of the Board of Directors of the Calhoun Recreation and Development Corp.

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Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write *"Return Receipt Requested"* on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Director
Internal Revenue Service
Philadelphia, PA 19255

4a. Article Number

P 170 070 858

4b. Service Type

☐ Registered ☑ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

RECEIVED
SEP 13 1996
28
PSC PHILA., PA
C

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fee is paid)*

6. Signature: *(Addressee or Agent)*

X

PS Form **3811,** December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

REPLY TO:

Charleston

September 10, 1996

Via Certified Mail-Return Receipt
Requested No. P 170 070 858

Director
Internal Revenue Service
Philadelphia, PA 19255

Re: $3,370,000 The Board of Education of the County of Calhoun, West Virginia, Public School Bonds, Series 1996

Gentlemen:

Enclosed is Form 8038-G filed on behalf of the Calhoun County, West Virginia, Board of Education which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Sincerely yours,

W. K. Bragg Jr.

William K. Bragg, Jr.

WKB:rdb
Enclosures

Form **8038-G** (Rev. May 1995)

Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

(Note: *Use Form 8038-GC if the issue price is under $100,000.*)

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: Calhoun County, West Virginia, Board of Education

2 Issuer's employer identification number: 55 : 6000309

3 Number and street (or P.O. box if mail is not delivered to street address): Rt. 1, Box 1E

Room/suite:

4 Report number: G19 96-1

5 City, town, or post office, state, and ZIP code: Grantsville, WV 26147

6 Date of issue: 9/1/96

7 Name of issue: $3,370,000 The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996

8 CUSIP number: 129748

Part II Type of Issue (check applicable box(es) and enter the issue price)

9	☒ Education (attach schedule–see instructions)	9	$3,370,000
10	☐ Health and hospital (attach schedule–see instructions)	10	
11	☐ Transportation	11	
12	☐ Public safety	12	
13	☐ Environment (including sewage bonds)	13	
14	☐ Housing	14	
15	☐ Utilities	15	
16	☐ Other. Describe (see instructions) ▶	16	
17	If obligations are tax or other revenue anticipation bonds, check box ▶ ☐		
18	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity.	5/1/2012	5.00 %	345,000	Par			
20	Entire issue			3,370,024.24	Par	9.897 years	4.973 %	4.970 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest		21	$ 4,281.97
22	Issue price of entire issue (enter amount from line 20, column (c))		22	3,370,024.24
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 46,000		
24	Proceeds used for credit enhancement	24		
25	Proceeds allocated to reasonably required reserve or replacement fund	25		
26	Proceeds used to currently refund prior issues	26		
27	Proceeds used to advance refund prior issues	27		
28	Total (add lines 23 through 27)		28	46,000
29	Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)		29	$3,328,306.21

RECEIVED SEP 16 1996 OSP

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
31	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
32	Enter the last date on which the refunded bonds will be called ▶	
33	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

34	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	
35	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)	35	3,370,024.24
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
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	
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 elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
39	If the issuer has identified a hedge, check box ▶ ☐		

Please 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: 9/10/96

Tilden Hackworth, Secretary

Type or print name and title

LESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

INVOICE DATE	05/13/96
ACCOUNT NBR	001931005
SALES REP ID	0016
INVOICE NBR	318081001

BILLED TO

CALHOUN CO. SCHOOLS
RURAL ROUTE 1 BOX 1E
GRANTSVILLE WV 26147

Please return this portion with your payment.

AMOUNT PAID: _____

Make checks payable to: Charleston Newspapers

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	05/13/96
ACCOUNT NBR	001931005
SALES REP ID	0016
INVOICE NBR	318081001

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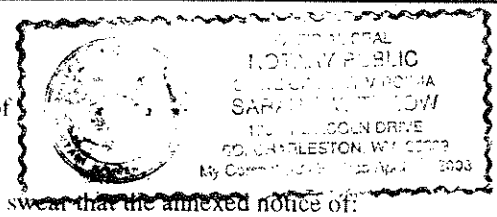
Each successive insertion is discounted by 25% of the first insertion rate ($.061875 per word).

ISSUE DATE	AD TYPE	PUB	DESCRIPTION / REFERENCE NBR PURCHASE ORDER #	AD NUMBER	AD SIZE / TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
05/03	LEGF	DM	NOTICE OF BOND ELECT	L308171	6X1775			
			318081001		106.50	5.52	587.88	587.88
05/10	LEGR	DM	NOTICE OF BOND ELECT		6X1775			
			318081002		106.50	5.52	587.88	
			LEGAL DISCOUNT 25%				146.97-	440.91
			TOTAL INVOICE AMOUNT					1028.79

State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Vivian Riggs of



THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:

NOTICE OF BOND ELECTION

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 4TH day of MAY 1996. Published during the following dates: 05/03/96-05/10/96

Subscribed and sworn to before me this 14 day of May

Printers fee $ 1028.79

Notary Public of Kanawha County, West Virginia

NOTICE OF BOND ELECTION

MAY 14, 1996

TO THE VOTERS OF CALHOUN COUNTY SCHOOL DISTRICT, STATE OF WEST VIRGINIA

Take notice that the following order was made and entered of record at a regular meeting of the Board of Education of the County of Calhoun, a statutory corporation, functioning pursuant to the laws of the State of West Virginia, held on the 26th day of February, 1996, a quorum being present and acting throughout said meeting:

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN DIRECTING AN ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF CALHOUN COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE PRINCIPAL AMOUNT OF THREE MILLION THREE HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS ($3,370,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN: It appears to the Board of Education of the County of Calhoun (hereinafter called "the Board") from the experience of the Board in operating the schools in the Calhoun County School District (hereinafter called the "School District") and after carefully studying and considering reports, recommendations and the needs of the School District regarding the desire for an improved educational program and, based upon this information, the Board does accordingly find that:

1. There are now and have been for several years in the School District serious deficiencies in the school building facilities presently existing which generally result in lack of efficiency, lack of adequate health and safety standards, lack of adequate facilities to prepare students properly for gainful employment and further education, and an overall impairment of the educational process within the School District. To meet these inadequacies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated, and to achieve these stated goals.

2. The funds derived from current levies which this Board is now authorized by law to lay, after providing for administration of the affairs of the Board and meeting the current expenses thereof required by law, are insufficient to finance the projects required by a comprehensive building program and, therefore, Bonds should be issued to provide funds for such projects.

3. To obtain the necessary funds for the projects hereinaft-
er described, it will be necessary to incur debt and issue
Bonds for the acquisition, construction, erection, improve-
ment, equipping and furnishing of such projects. Studies by
the Board show that the School District must spend at least the
sum of Three Million Three Hundred Seventy Thousand
Dollars ($3,370,000) for such purposes, which would come
from the proceeds of the sale of the Bonds or any other source,
all for the general purpose of providing adequate, safe and
convenient educational facilities for the School District.

4. The valuation of the taxable property in the School
District, as shown by the last assessment thereof for State and
County taxation purposes, is $120,331,594.00, and valuation of
each class of property within the School District as follows:

Class I	$5,213,598
Class II	40,312,090
Class III	68,211,723
Class IV	6,594,183
Total	$120,331,594

5. The Board and the School District now have no outstand-
ing bonded indebtedness. The unbonded indebtedness of the
School District is for current expenses and can be paid from
current levy funds. The maximum bonded indebtedness the
Board may incur is $6,016,579.70. Accordingly, Bonds in the
amount of $3,370,000, being less than five percent (5%) of the
value of such taxable property ascertained by the last assess-
ment thereof for State and County taxes, while taking into
account the School District's outstanding bonded indebted-
ness, may be issued and sold without violating any constitu-
tional or statutory provision.

6. Bonds in the denomination of $5,000 each, or integral
multiples thereof, aggregating $3,370,000 should be issued and
sold, the proceeds of which shall be used for the projects
hereinafter described, provided, however, that in the event
that any part of the Bond proceeds should not be needed for
completion of the projects, such unneeded part shall be depos-
ited with the Municipal Bond Commission of West Virginia to
be used solely for the purchase of any Bonds of this issue out-
standing at not more than the par value thereof plus accrued
interest to date of purchase or for the payment of such Bonds
and the interest thereon at the maturities thereof. The pro-
ceeds of sale of the Bonds will not be used except as herein
specified; and, provided, further, 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 shall be reimbursed from levy mon-
ey collected.

7. The question of incurring said debt, issuing said Bonds,
and all other questions properly connected therewith shall be
submitted to the voters of the School District at the primary
election to be held on the 14th day of May, 1996, and the com-
missioners and clerks for holding said election, at each of the
legally established voting precincts in Calhoun County, shall
be those commissioner and clerks designated, appointed and
certified by The County Commission of Calhoun County, West
Virginia in connection with said primary election.

8. The Bonds shall bear interest at a rate or rates not
exceeding the rate of eight percent (8.00%) per annum, pay-
able semiannually, but it is hoped that the best bid for the
Bonds will provide a lower interest rate (which might result in
somewhat lower levy rates needed to pay the Bonds and the
interest thereon); the Bonds shall be payable for a maximum
term of sixteen (16) years from the date thereof.

9. The Bonds shall be issued only in book entry or regis-
tered form as to principal and interest in compliance with the
United States Internal Revenue Code sections 103 and 149 (26
USC §103 and §149), as amended, and as authorized by the
West Virginia Public Obligations Registration Act, Article 2F,
Chapter 13 of the Code of West Virginia of 1931, as amended
(the "Code").

10. The projects for which the proceeds of the Bonds, if

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School:	Arnoldsburg, WV	
Six classrooms and restroom facilities behind the current structure		$791,479
Pleasant Hill Elementary School:	Pleasant Hill, WV	
Total replacement of the heating, ventilation and air conditioning system designed for the open space concept		$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms:		
Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring):		
New computers, fiber optic cabling, connections to the internet, network devices and all necessary software		$213,193
Upgrade of Heating, Ventilation and Air Conditioning:		
Upgrading system to be more efficient to operate and maintain		$459,431
Auditorium Space & Seating for 550 People Instead of 330:		
Cost of seating additions		$215,649
Auxiliary Gym for the Middle/High School:		
Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school		$435,713
New Stadium Complex:		
Bleachers, lights, concessions, dressing rooms and shower facilities		$532,983
TOTAL ESTIMATED COSTS		**$3,370,000**

The above amounts are made up of the aggregate princi-
pal amount of the Bond Issue in the amount of Three Million
Three Hundred Seventy Thousand and 00/100 Dollars
($3,370,000).

The foregoing amounts include the costs of acquiring
rights-of-ways, if any, engineering and architectural costs,
construction including but not limited to the cost of using
county maintenance personnel, the costs and estimated costs
of the issuance of the Bonds, and such other costs, fees, and
expenses as may be necessary and/or properly incurred in
carrying out the foregoing projects. If for any reason any one
or more of the above-enumerated projects cannot be con-
structed, carried out, or completed, the amount above set out
for any such project and any sums remaining unused upon
completion of any of the foregoing projects may be allocated
by the Board in its discretion, to and expended for any one or
more of the remaining projects set out above, as provided by
Section 6(a), Article 1, Chapter 13, of the Code. In the event
the Board shall obtain additional money by grant or otherwise
from the state or federal government, or from any agency of
either, or from any other source, for use in the acquisition,
construction, renovation, improvement, furnishing, and/or
equipping of the above-enumerated projects, such additional
money may be used either in substitution for or in addition to
the proceeds of the sale of the Bonds proposed hereby, as may
be determined by the Board and the granting body or agency.

11. If the voters of the School District approve the incur-
ring of said debt and the issuance of said Bonds, the Board will
lay annually upon the assessed valuation of all the taxable
property within the School District a levy sufficient to provide
funds for the payment of the annual interest upon the Bonds as
such interest accrues semiannually and the principal of the
Bonds at maturity, for which purposes a levy upon each $100
valuation, based upon the last assessment of such property for
State and County purposes, will be required as follows:

Upon Class I Property approximately	11.25 cents
Upon Class II Property approximately	22.50 cents
Upon Class III Property approximately	45.00 cents
Upon Class IV Property approximately	45.00 cents

12. In the laying of said levy, the assessment levy author-
ized to be laid by said Board by the Constitution of West
Virginia and the statutes enacted pursuant thereto shall not be
exceeded; provided, however, that said rates hereinabove set
forth may, whenever necessary, be exceeded in making the
annual levy for interest and principal of said Bonds within sta-
tutory and constitutional limitations; and that in the levy, col-
lection and disbursement of taxes within constitutional and
statutory limitations, this levy for interest and principal shall
have preference over all other taxes collected by said School
District for any purpose whatsoever, except the payment of
the interest and sinking fund requirements on any other bond
issue or issues which lawfully have been authorized heretofore
or which may be authorized hereafter.

13. If the debt represented by this Bond issue shall be
approved by the voters, such Bonds, together with all existing
bonded indebtedness heretofore incurred under Section 1,
Article X, of the Constitution, will not exceed in the aggregate
five percent (5%) of the taxable property in the School District
ascertained in accordance with Sections 8 and 10, Article X, of
the Constitution of this State and will be payable from a direct
annual tax levied and collected in each year on all taxable pro-
perty in said School District, sufficient to pay the principal
and interest maturing on said Bonds in each year, which maxi-
mum rates are provided for tax levies for 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 outside the limits fixed by Section 1, Article X
of the Constitution.

14. If the debt and Bonds submitted to the voters [illegible]
approved, by virtue of Section 8, Article X of the Const[illegible]
known as the "School Bond Amendment" and [illegible]
legislation enacted by the Legislature of West Virgin[ia]
Regular Session, 1951, amending the reenacting Sections 2 and
4, Article 1, Chapter 13, of the Code, and the enabling le[gisla-]
tion enacted by the Legislature of West Virginia, [illegible]
Session, 1959, amending and reenacting Section 4 and and
Section 34, Article 1, Chapter 13, of the Code, levies here[in-]
before 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 purposes 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 School District, and the Board does further
find that after laying and allocating said special levies for
payment of principal and interest requirements of said Bonds,
there will be, out of the levies authorized by law and appor-
tioned for current expenses, a sufficient levy authorized by
law which, when added to other income, will be sufficient to
carry out the proper requisite functions of said Board and of
said School District.

BE IT FURTHER ORDERED BY THE BOARD OF
EDUCATION OF THE COUNTY OF CALHOUN
AS FOLLOWS

After careful study and due deliberation, the Board finds
that available funds are insufficient for the payment of general
current expenses and for correcting deficiencies in school
building facilities. Wherefore the Board orders the submission
to the voters of Calhoun County at the primary election to be
held on May 14, 1996, of the question of whether the Board
should incur debt and issue Bonds in the sum of $3,370,000 for
the purposes set forth in this order.

1. The commissioners, clerks and poll workers which are
designated, appointed and certified for the purpose of the
primary election shall be the same commissioners, clerks and
poll workers which are designated, appointed and certified by
The County Commission of Calhoun County, West Virginia, in
connection with the primary election to be held on May 14,
1996.

2. Notice of this question shall be given by publication of
this order at least once each week for two (2) successive
weeks before the election and within fourteen (14) consecutive
days next preceding the election in The Calhoun Chronicle and
Charleston Daily Mail which are newspapers of general circu-
lation in the School District.

3. The ballot shall be in the form that follows:

OFFICIAL BALLOT
CALHOUN COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
Tuesday, May 14, 1996

"Shall the Board of Education of the County of Calhoun
incur debt and issue bonds in the amount of $3,370,000, maturi-
ties on such bonds to run not more than sixteen (16) years
from the date of such bonds, with interest not exceeding the
rate of eight percent (8.00%) per annum, payable semiannual-
ly, subject to redemption prior to maturity, in whole or in part
on terms established by the Board, for the purpose of con-
structing, enlarging, extending, reconstructing, improving,
furnishing and/or equipping of the projects described below,
all for the general purpose of providing adequate, safe and
convenient facilities for the Calhoun County School District:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School:	Arnoldsburg, WV	
Six classrooms and restroom facilities behind the current structure		$791,479
Pleasant Hill Elementary School:	Pleasant Hill, WV	
Total replacement of the heating, ventilation and air conditioning system designed for the open space concept		$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms:		
Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring):		
New computers, fiber optic cabling, connections to the internet, network devices and all necessary software		$213,193
Upgrade of Heating, Ventilation and Air Conditioning:		
Upgrading system to be more efficient to operate and maintain		$459,431
Auditorium Space & Seating for 550 People Instead of 330:		
Cost of seating additions		$215,649
Auxiliary Gym for the Middle/High School:		
Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school		$435,713
New Stadium Complex:		
Bleachers, lights, concessions, dressing rooms and shower facilities		$532,983
TOTAL ESTIMATED COSTS		**$3,370,000**

The above amounts are made up of the aggregate principal
amount of the Bond issue in the amount of Three Million Three
Hundred Seventy Thousand and 00/100 Dollars ($3,370,000).

The foregoing amounts include the costs of acquiring
rights-of-way, if any, engineering and architectural costs,
including but not limited to the cost of using County main-
tenance personnel, the costs and estimated costs of the
issuance of the bonds, and such other costs, fees, and expenses
as may be necessary and/or properly incurred in carrying out
the foregoing projects. If for any reason any one or more of the
above-enumerated projects cannot be constructed, carried out,
or completed, the amount above set out for any such project
and any sums remaining unused upon completion of any of the
foregoing projects may be allocated by the Calhoun County
Board of Education in its discretion, to and expended for any
one or more of the remaining projects set out above, as provid-
ed by Section 6(a) Article 1, Chapter 13, of the Code. In the
event the Calhoun County Board of Education shall obtain
additional money by grant or otherwise from the state or fed-
eral government, or from any agency of either, or from any
other source, for use in the acquisition, construction, renova-
tion, improvement, furnishing, and/or equipping of the above-
enumerated projects, such additional money may be used eith-
er in substitution for or in addition to the proceeds of the sale of
the bonds proposed hereby, as may be determined by said
Board and the granting body or agency.

And shall the Board levy taxes sufficient to pay the interest
on and the principal of such Bonds?"

For the Proposition
Against the Proposition

NOTICE TO VOTERS: To vote in favor of the proposition
submitted on this ballot, make an X after the title "For the
Proposition."
To vote against the proposition, mark an X after the title
"Against the Proposition."

4. The Secretary of the Board with the assistance of the
Clerk of the County Commission, which said Clerk is hereby
designated and appointed as an agent of this Board for this
election, are 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 things necessary for conducting the election, as provided
by Chapter 13, Article 1, Section 11 of the Code, and perform all
duties imposed by law upon clerks of the County Commission
and Circuit Court in relation to primary and general elections,
and in accordance with Chapter 13, Article 1, Section 13 of the
Code.

5. Absentee ballots shall be applied for, obtained from and
returned to the Clerk of the Circuit Court of the County of
Calhoun, and said Clerk is hereby appointed the agent for the
Board to perform all duties relating to absentee ballots in a
primary or general election.

6. The registration of voters and the use of the registration
booths shall be governed by the permanent registration law of
the State, and the Board hereby adopts the registration list of
Calhoun County as the official registration list of the School
District for this election.

Adopted on the 26th day of February, 1996.

THE BOARD OF EDUCATION
OF THE COUNTY
OF CALHOUN
By: /s/Jerry N. Malona
President
By: /s/Leisa A. Jarvis
Member
By: /s/Kennie T. Heiney
Member
By: /s/Jeffery D. Houchin
Member

ATTEST:
/s/John H. Hager
Secretary

Given under my hand this 26th day of February, 1996

/s/John H. Hager
Secretary of the
Board of Education
of the County of Calhoun

(308171)

AFFIDAVIT OF PUBLICATION

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

I, Carl R. Morris, being first duly sworn upon my oath, do depose and say that I am publisher of *The Calhoun Chronicle/Grantsville News*, a Democratic newspaper published for at least 50 weeks during the calendar year in Grantsville, Calhoun County, West Virginia, that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Calhoun; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political nature and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

NOTICE OF BOND ELECTION
May 14, 1996

was duly published in said newspaper once a week for 2 successive weeks (Class II), commencing with the issue of the 2nd day of May, 19 96 and ending with the issue of the 9th day of May, 1996.

The cost of publishing said annexed notice was $365.21

Signed Carl R Morris

Taken, subscribed, and sworn before me in my said county on this 9th day of May, 19 96.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SARAH A. ALBAUGH
P.O. BOX 581
GRANTSVILLE, WV 25147
My Commission Expires March 10, 2006

My commission expires 3-10-2006

Sarah A. Albaugh

(Copy of paper page attached)

NOTICE OF BOND ELECTION

MAY 14, 1996

TO THE VOTERS OF CALHOUN COUNTY
SCHOOL DISTRICT, STATE OF WEST VIRGINIA

Take notice that the following order was made and entered of record at a regular meeting of the Board of Education of the County of Calhoun, a statutory corporation, functioning pursuant to the laws of the State of West Virginia, held on the 26th day of February, 1996, a quorum being present and acting throughout said meeting:

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF CALHOUN DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF CALHOUN
COUNTY SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT OF THREE MILLION
THREE HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS
($3,370,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN: It appears to the Board of Education of the County of Calhoun (hereinafter called "the Board") from the experience of the Board in operating the schools in the Calhoun County School District (hereinafter called the "School District") and after carefully studying and considering reports, recommendations and the needs of the School District regarding the desire for an improved educational program and, based upon this information, the Board does accordingly find that:

1. There are now and have been for several years in the School District serious deficiencies in the school building facilities presently existing which generally result in lack of efficiency, lack of adequate health and safety standards, lack of adequate facilities to prepare students properly for gainful employment and further education, and an overall impairment of the educational process within the School District. To meet these inadequacies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated, and to achieve these stated goals.

2. The funds derived from current levies which this Board is now authorized by law to lay, after providing for administration of the affairs of the Board and meeting the current expenses thereof required by law, are insufficient to finance the projects required by a comprehensive building program and, therefore, Bonds should be issued to provide funds for such projects.

3. To obtain the necessary funds for the projects hereinafter described, it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, improvement, equipping and furnishing of such projects. Studies by the Board show that the School District must spend at least the sum of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000) for such purposes, which would come from the proceeds of the sale of the Bonds or any other source, all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.

4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is $120,331,594.00, and valuation of each class of property within the School District is as follows:

Class I,	$ 5,213,598
Class II	40,312,090
Class III	68,211,723
Class IV	6,594,183
Total	$120,331,594

5. The Board and the School District now have no outstanding bonded indebtedness. The unbonded indebtedness of the School District is for current expenses and can be paid from current levy funds. The maximum bonded indebtedness the Board may incur is $6,016,579.70. Accordingly, Bonds in the amount of $3,370,000, being less than five percent (5%) of the value of such taxable property as ascertained by the last assessment thereof for State and County taxes, while taking into account the School District's outstanding bonded indebtedness, may be issued and sold without violating any constitutional or statutory provision.

6. Bonds in the denomination of $5,000 each, or integral multiples thereof, aggregating $3,370,000 should be issued and hereinafter described, provided, however, that in the event that any part of the Bond proceeds should not be needed for completion of the projects, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to date of purchase 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; and, provided, further, 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 shall be reimbursed from levy money collected.

7. The question of incurring said debt, issuing said Bonds, and all other questions property connected therewith shall be submitted to the voters of the School District at the primary election to be held on the 14th day of May, 1996, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Calhoun County, shall be those commissioners and clerks designed, appointed and certified by The County Commission of Calhoun County, West Virginia in connection with said primary election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of eight percent (8.00%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon); the Bonds shall be payable for a maximum term of sixteen (16) years from the date thereof.

9. The Bonds shall be issued only in book entry or registered form as to principal and interest in compliance with the United States Internal Revenue Code sections 103 and 149 (26 USC S.103 and S.149), as amended, and as authorized by the West Virginia Public Obligations Registration Act, Article 2F, Chapter 13 of the Code of West Virginia of 1931, as amended (the "Code").

(Continued from Previous Page)

10. The projects for which the proceeds of the Bonds, if authorized by the ers, are to be expended are as follows:

PROJECTS	LOCATION	ESTIMATED COST
oldsburg Elementary School: classrooms and restroom facilities hind the current structure.	Arnoldsburg, WV	$ 791,479
asant Hill Elementary School: al replacement of the heating, tilation and air conditioning system signed for the open space concept.	Pleasant Hill, WV	$ 439,711
w Calhoun County Middle/High School: uipment, Seating for Classrooms: airs for students, teachers desks and chairs, ies, cafeteria equipment, shelving, etc.	Mt. Zion, WV	$ 281,841
chnology (Computers, Wiring): w computers, fiber optic cabling, connections he internet, network devices and all necessary software.		$ 213,193
grade of Heating, Ventilation l Air Conditioning: grading system to be more efficient perate and maintain.		$ 459,431
ditorium Space & Seating for) People Instead of 330: st of seating additions.		$ 215,649
xiliary Gym for the idle/High School: nstruction and equipping of an auxiliary gym to mit county-approved sports activities to take place he middle/high school.		$ 435,713
w Stadium Complex: achers, lights, concessions, ssing rooms and shower facilities.		$ 532,983
TOTAL ESTIMATED COSTS:		$3,370,000

e above amounts are made up of the aggregate principal amount of the Bond issue he amount of Three Million Three Hundred Seventy Thousand and 00/100 Dollars ,370,000).

The foregoing amounts include the costs of acquiring rights-of-ways, if any, ineering and architectural costs, construction including but not limited to the cost of g county maintenance personnel, the costs and estimated costs of the issuance of Bonds, and such other costs, fees, and expenses as may be necessary and/or perly incurred in carrying out the foregoing projects. If for any reason any one or re of the above-enumerated projects cannot be constructed, carried out, or npleted, the amount above set out for any such project and any sums remaining sed upon completion of any of the foregoing projects may be allocated by the rd in its discretion, to and expended for any one or more of the remaining projects out above, as provided by Section 6(a), Article 1, Chapter 13, of the Code. In the nt the Board shall obtain additional money by grant or otherwise from the state or eral government, or from any agency of either, or from any other source, for use in acquisition, construction, renovation, improvement, furnishing, and/or equipping of above-enumerated projects, such additional money may be used either in stitution for or in addition to the proceeds of the sale of the Bonds proposed eby, as may be determined by the Board and the granting body or agency.

11. If the voters of the School District approve the incurring of said debt and issuance of said Bonds, the Board will lay annually upon the assessed valuation of the taxable property within the School District a levy sufficient to provide funds for payment of the annual interest upon the Bonds as such interest accrues niannually and the principal of the Bonds at maturity, for which purposes a levy n each $100 valuation, based upon the last assessment of such property for State l County purposes, will be required as follows:

Upon Class I Property approximately	11.25 cents
Upon Class II Property approximately	22.50 cents
Upon Class III Property approximately	45.00 cents
Upon Class IV Property approximately	45.00 cents

12. In the laying of said levy, the assessment levy authorized to be laid by l Board by the Constitution of West Virginia and the statutes enacted pursuant eto shall not be exceeded; provided, however, that said rates hereinabove set forth , whenever necessary, be exceeded in making the annual levy for interest and cipal of said Bonds within statutory and constitutional limitations; and that in the , collection and disbursement of taxes within constitutional and statutory tations, this levy for interest and principal shall have preference over all other taxes ected by said School District for any purpose whatsoever, except the payment of interest and sinking fund requirements on any other bond issue or issues which ully have been authorized heretofore or which may be authorized hereafter.

13. If the debt represented by this Bond issue shall be approved by the rs, such Bonds, together with all existing bonded indebtedness heretofore incurred er Section 1, Article X, of the Constitution, will not exceed in the aggregate five ent (5%) of the taxable property in the School District ascertained in accordance Sections 8 and 10, Article X, of the Constitution of this State and will be payable a direct annual tax levied and collected in each year on all taxable property in School District, sufficient to pay the principal and interest maturing on said Bonds ach year, which maximum rates are provided for tax levies for school districts on several classes of property in Section 1, Article X of the Constitution, but in the e proportions as such maximum rates are levied outside the limits fixed by Section rticle X of the Constitution.

14. If the debt and Bonds submitted to the voters shall be approved, by ue of Section 8, Article X of the Constitution, known as the "School Bond endment," and the enabling legislation enacted by the Legislature of West Virginia gular Session, 1951, amending and reenacting Sections 3 and 4, Article 1, Chapter of the Code, and the enabling legislation enacted by the Legislature of West inia, Regular Session, 1959, amending and reenacting Section 4 and adding tion 34, Article 1, Chapter 13, of the Code, levies hereinbefore provided will not ate any constitutional or statutory provisions of this State establishing maximum es, said levies herein provided shall be levied and allocated each year for the oses of discharging the interest and principal of the Bonds to be authorized, and such purposes shall be laid separate and apart from all other levies made for all r purposes of the School District, and the Board does further find that after laying allocating said special levies for payment of principal and interest requirements of Bonds, there will be, out of the levies authorized by law and apportioned for ent expenses, a sufficient levy authorized by law which, when added to other me, will be sufficient to carry out the proper requisite functions of said Board and ld School District.

T FURTHER ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY CALHOUN AS FOLLOWS:

After careful study and due deliberation, the Board finds that available funds are fficient for the payment of general current expenses and for correcting deficiencies hool building facilities. Wherefore the Board orders the submission to the voters of oun County at the primary election to be held on May 14, 1996, of the question of ther the Board should incur debt and issue Bonds in the sum of $3,370,000 for the oses set forth in this order.

1. The commissioners, clerks and poll workers which are designated, inted and certified for the purpose of the primary election shall be the same missioners, clerks and poll workers which are designated, appointed and certified he County Commission of Calhoun County, West Virginia, in connection with the ary election to be held on May 14, 1996.

2. Notice of this question shall

-- LEGAL NOTICE -- -- LEGAL NOTICE -- -- LEGAL NOTICE -- -- LEGAL NOTICE --

ice each week for two (2) successive weeks before the election and within fourteen 4) consecutive days next preceding the election in The Calhoun Chronicle and harleston Daily Mail which are newspapers of general circulation in the School strict.

3. The ballot shall be in the form that follows:

OFFICIAL BALLOT
CALHOUN COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
Tuesday, May 14, 1996

"Shall the Board of Education of the County of Calhoun incur debt and issue nds in the amount of $3,370,000, maturities on such bonds to run not more than teen (16) years from the date of such bonds, with interest not exceeding the rate of ght percent (8.00%) per annum, payable semiannually, subject to redemption prior to aturity, in whole or in part, on terms established by the Board, for the purpose of nstructing, enlarging, extending, reconstructing, improving, furnishing and/or uipping of the projects described below, all for the general purpose of providing equate, safe and convenient facilities for the Calhoun County School District:

PROJECTS	LOCATION	ESTIMATED COST
noldsburg Elementary School: classrooms and restroom facilities hind the current structure.	Arnoldsburg, WV	$ 791,479
easant Hill Elementary School: tal replacement of the heating, ntilation and air conditioning system signed for the open space concept.	Pleasant Hill, WV	$ 439,711
w Calhoun County Middle/High School: uipment, Seating for Classrooms: airs for students, teachers desks and chairs, bles, cafeteria equipment, sheiving, etc.	Mt. Zion, WV	$ 281,841
chnology (Computers, Wiring): w computers, fiber optic cabling, connections the internet, network devices and all necessary software.		$ 213,193
grade of Heating, Ventilation d Air Conditioning: gra system to be more efficient op and maintain.		$ 459,431
ditio n Space & Seating for 0 People Instead of 330: st of seating additions.		$ 215,649
xiliary Gym for the ddle/High School: nstruction and equipping of an auxiliary gym to rmit county-approved sports activities to take place the middle/high school.		$ 435,713
w Stadium Complex: eachers, lights, concessions, essing rooms and shower facilities.		$ 532,983
TOTAL ESTIMATED COSTS:		$3,370,000

The above amounts are made up of the aggregate principal amount of the Bond ue in the amount of Three Million Three Hundred Seventy Thousand and 00/100 llars ($3,370,000).

The foregoing amounts include the costs of acquiring rights-of-ways, if any, gineering and architectural costs, including but not limited to the cost of using unty maintenance personnel, the costs and estimated costs of the issuance of the nds, and such other costs, fees, and expenses as may be necessary and/or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Calhoun County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a), Article 1, Chapter 13, of the Code. In the event the Calhoun County Board of Education shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by said Board and the granting body or agency.

And shall the Board levy taxes sufficient to pay the interest on and the principal of such Bonds?"

For the Proposition

Against the Proposition

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, make an X before the title "For the Proposition."

To vote against the proposition, make an X before the title "Against the Proposition."

4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby authorized and appointed as an agent of this Board for this election, are 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 things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code, and perform all duties imposed by law upon clerks of the County Commission and Circuit Court in relation to primary and general elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code.

5. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Calhoun, and said Clerk is hereby appointed the agent for the Board to perform all duties relating to absentee ballots in a primary or general election.

6. The registration of voters and the use of the registration booths shall be governed by the permanent registration law of the State, and the Board hereby adopts the registration list of Calhoun County as the official registration list of the School District for this election.

Adopted on the 26th day of February, 1996.

THE BOARD OF EDUCATION
OF THE COUNTY OF CALHOUN
By: /s/ Jerry N. Malona
President
By: /s/ Leisa A. Jarvis
Member
By: /s/ Kennie T. Heiney
Member
By: /s/ Jeffery D. Houchin
Member

ATTEST:
/s/ John H. Hager
Secretary

Given under my hand this 26th day of February, 1996.
/s/ John H. Hager

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

INVOICE DATE	07/01/96
ACCOUNT NBR	001931005
SALES REP ID	0016
INVOICE NBR	333223001

BILLED TO

CALHOUN CO. SCHOOLS
CONNIE ROBERTS
RURAL ROUTE 1 BOX 1E
GRANTSVILLE WV 26147

Please return this portion with your payment. AMOUNT PAID: _____

Make checks payable to: Charleston Newspapers

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	07/01/96
ACCOUNT NBR	001931005
SALES REP ID	0016
INVOICE NBR	333223001

Legal pricing is based upon 67 words per column inch at a rate of $.0925 per wo
Each successive insertion is discounted by 25% of the first insertion rate ($.069375 per wor

ISSUE DATE	AD TYPE	PUB	DESCRIPTION / REFERENCE NBR / PURCHASE ORDER #	AD NUMBER	AD SIZE / TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
06/21	LEGF	DM	ATTORNEY GENERALS AP	L309194	3X0525			
			333223001		15.75	5.52	86.94	86.94
06/28	LEGR	DM	ATTORNEY GENERALS AP		3X0525			
			333223002		15.75	5.52	86.94	
			LEGAL DISCOUNT 25%				21.74-	65.20
			TOTAL INVOICE AMOUNT					152.14

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Sandra Legg of

THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER,
published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:
ATTORNEY GENERALS APPROV
was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha Coun
West Virginia, on the 22ND day of JUNE 1996. Published during the following dates: 06/21/96-06/28/96
Subscribed and sworn to before me this 9 day of July.
Printers fee $ 152.14

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE M. RISNER
141 RIVERVIEW DR.
ST. ALBANS, W.VA. 25177
My Commission Expires February 4, 1997

Connie M Risner
Notary Public of Kanawha County, West Virginia

IN THE MATTER OF THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, STATE OF WEST VIRGINIA, $3,370,000 PUBLIC SCHOOL BONDS, SERIES 1996

ATTORNEY GENERAL'S APPROVAL

At the regular session of the Board of Education of the County of Calhoun, State of West Virginia, held on the 26th day of February, 1996, an order was entered of record authorizing a vote to be taken by the legal voters of the County of Calhoun at the primary election to be held on the 14th day of May, 1996, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Three Million Three Hundred Seventy Thousand Dollars ($3,370,000), 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 for the purpose of:

PROJECTS	LOCATION	ESTIMATED COST
Arnoldsburg Elementary School: Six classrooms and restroom facilities behind the current structure.	Arnoldsburg, WV	$791,479
Pleasant Hill Elementary School: Total replacement of the heating, ventilation and air conditioning system designed for the open space concept.	Pleasant Hill, WV	$439,711
New Calhoun County Middle/High School:	Mt. Zion, WV	
Equipment Seating for Classrooms: Chairs for students, teachers desks and chairs, tables, cafeteria equipment, shelving, etc.		$281,841
Technology (Computers, Wiring): New computers, fiber optic cabling, connections to the Internet, network devices and all necessary software.		$213,193
Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$459,431
Auditorium Space & Seating for 550 People Instead of 330: Cost of seating additions.		$215,649
Auxiliary Gym for the Middle/High School: Construction and equipping of auxiliary gym to permit county-approved sports activities to take place at the middle/high school.		$435,713
New Stadium Complex: Bleachers, lights, concessions, dressing rooms and shower facilities.		$532,983
TOTAL ESTIMATED COSTS		$3,370,000

The Board of Education of the County of Calhoun, 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 duly certified copies of all the 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 on the proposition of incurring debt and issuing bonds, as provided in said order, one thousand two hundred ninety-two (1,292) votes were cast for and one thousand two hundred fifty-six (1,256) votes were cast against the issuance of said bonds, so that fifty and 71/100 percent (50.71%) of the voters in said election voted in favor of incurring debt and issuing bonds as provided in said order.

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.

/s/ Darrell McGraw
ATTORNEY GENERAL OF WEST VIRGINIA

Charleston, West Virginia
June 14, 1996

(309194)

AFFIDAVIT OF PUBLICATION

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

I, Carl R. Morris, being first duly sworn upon oath, do depose and say that I am publisher of *The Calhoun Chronicle/Grantsville News,* a Democratic newspaper published for at least 50 weeks during the calendar year in Grantsville, Calhoun County, West Virginia, that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Calhoun; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political nature and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

LEGAL NOTICE
$3,370,000 PUBLIC SCHOOL BONDS
Series 1996

was duly published in said newspaper once a week for 2 successive weeks (Class II), commencing with the issue of the 20th day of June, 1996 and ending with the issue of the 27th day of June, 1996.

The cost of publishing said annexed notice was $89.76

Signed Carl R Morris

Taken, subscribed, and sworn before me in my said county on this 27th day of June, 1996.

OFFICIAL NOTARY PUBLIC
STATE OF WEST VIRGINIA
SARAH A. ALDAUGH
P.O. BOX 561
GRANTSVILLE, WV 25147
My Commission Expires March 10, 2006

My commission expires 3-10-2006

Sarah A. Aldaugh
Notary Public of Calhoun County, West Virginia

LEGAL NOTICE

IN THE MATTER OF THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, STATE OF WEST VIRGINIA, $3,370,000 PUBLIC SCHOOL BONDS, SERIES 1996
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Upgrade of Heating, Ventilation and Air Conditioning: Upgrading system to be more efficient to operate and maintain.		$ 459,431
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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.

/s/ Darrell McGraw
Attorney General of West Virginia

Charleston, West Virginia
June 14, 1996

Class II Legal - 2tc/6/20-27

STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

July 19, 1996

The Honorable Ancil G. Ramey, Clerk
West Virginia Supreme Court of Appeals
State Capitol, Room E-317
Charleston, West Virginia 25305

RE: The Board of Education of Calhoun County,
$3,370,000 Public School Bonds, Series 1996

Dear Mr. Ramey:

On June 14, 1996, as Attorney General of the State of West Virginia, I approved the above-referenced bond issue as provided for by West Virginia Code § 13-1-25. As evidenced by the enclosed copies of the Affidavits of Publication, notice of my approval was published in the Charleston Daily Mail, and The Calhoun Chronicle, as required by law, with the last publication date being June 28, 1996.

Please advise me as to whether any person or taxpayer within ten days from and after the date of the last publication of the above-referenced notices presented any 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 provided in West Virginia Code § 13-1-26.

Very truly yours,

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By: Dawn E. Warfield
DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/jak
Enclosures

CHIEF JUSTICE
THOMAS E. McHUGH

JUSTICES
MARGARET L. WORKMAN
FRANKLIN D. CLECKLEY
ARTHUR M. RECHT
JOSEPH P. ALBRIGHT

OFFICE OF THE CLERK
SUPREME COURT OF APPEALS
STATE CAPITOL
CHARLESTON, WV 25305-0831
TELEPHONE (304) 558-2601
FACSIMILE (304) 558-3815

CLERK
ANCIL G. RAMEY

July 25, 1996

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 Calhoun, $3,370,000 Public School Bonds, Series 1996

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 June 28, 1996, 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,

Ancil G. Ramey

AGR/llg

Copy

of

Advertisement

City and County of New York, ss.:-

Joanne Ruvolo, being duly sworn, says that she is the Advertising Clerk of THE BOND BUYER, a daily and weekly 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

AUG 0 8 1996

Advertising Clerk

Subscribed and sworn to before me this

8 *day of* August *1996*

ALICIA BYRD
Notary Public, State of New York
No. 01-4955198
Qualified in Kings County
Commission Expires August 28, 1997

Copy

of

Advertisement

City and County of New York, ss.:-

Joanne Ruvolo, being duly sworn, says that she is the Advertising Clerk of THE BOND BUYER, a daily and weekly 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

AUG 15 1996

Advertising Clerk

Subscribed and sworn to before me this

15 *day of* August *1996*

ALICIA BYRD
Notary Public, State of New York
No. 01-4955198
Qualified in Kings County
Commission Expires August 28, 1997

Jersey
l Bonds
ank Qualified, Callable

d by Board Secretary of the Board of
es o Board of Education, 132 New
1

t 22, 1996

above Bonds of the School District dated
prior redemption) on September 1 as fol-

al t	Year	Principal Amount
)	2009	$275,000
)	2010	300,000
)	2011	300,000
)	2012	300,000
)	2013	300,000
)	2014	325,000
)	2015	325,000
)	2016	325,000
)	2017	345,000
)	2018	350,000
)	2019	350,000
)	2020	350,000
	2021	350,000

ry form only, in the form of one certificate
the Bonds maturing in each year. The
the Board in accordance with the terms
Board will furnish Bonds and the approv-
tland, Newark, N.J.

te or rates per annum in multiples of 1/8
ly one rate per maturity) specified by the
lly o arch 1 and September 1 in each
September 1, 1997. The Bonds will be
total loan may be made at the lowest net
ms set forth in the full Notice of Sale.

tatement and bid forms are available by
the Board Secretary at 132 New Road,
g (609) 268-0349.

SUMMARY NOTICE OF BOND SALE

$3,370,000
The Board of Education of the County of Calhoun
West Virginia
Public School Bonds, Series 1996

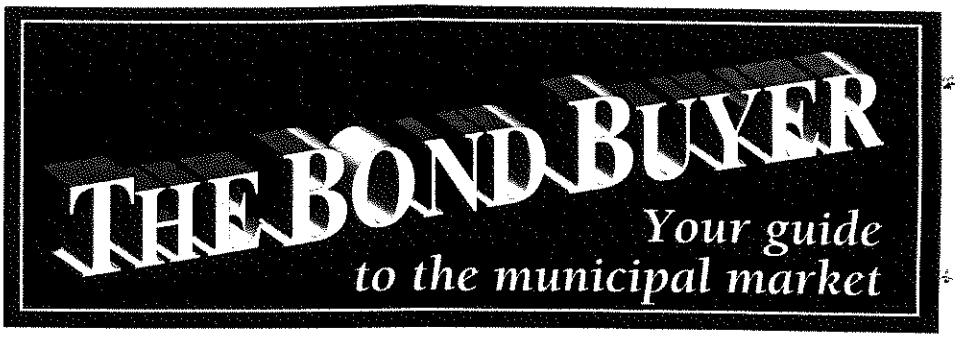
SEALED BIDS will be received on behalf of The Board of Education of the County of Calhoun, West Virginia ("the Board"), until 12:00 NOON (Eastern Daylight Time) on Thursday,

August 22, 1996

at the office 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 $3,370,000, The Board of Education of the County of Calhoun, West Virginia, Public School Bonds, Series 1996, payable on May 1 in each year beginning 1998 through 2012. Bonds maturing after May 1, 2006 are subject to redemption prior to maturity, at the option of the Board. The Bonds will be general obligations of the Board. The Bonds will be "qualified tax-exempt obligations." The approving opinion of Goodwin & Goodwin, 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 Bond Sale is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, Telephone (304) 345-3421.

By Order of the Board of Education of the County of Calhoun, West Virginia



THE BOND BUYER
Your guide to the municipal market

AFFIDAVIT OF PUBLICATION

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

I, Carl R. Morris, being first duly sworn upon my oath, do depose and say that I am publisher of *Calhoun Chronicle/Grantsville News*, a Democratic newspaper published for at least 50 weeks during the calendar year in Grantsville, Calhoun County, West Virginia, that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Calhoun; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political nature and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

OFFICIAL NOTICE OF SALE
$3,370,000 PUBLIC SCHOOL BONDS, SERIES 1996

was duly published in said newspaper once a week for 2 successive weeks (Class II), commencing with the issue of the 8th day of August, 1996 and ending with the issue of the 15th day of August, 1996.

The cost of publishing said annexed notice was $339.81

Signed_____

Taken, subscribed, and sworn before me in my said county on this _____ day of _____,

_____.

My commission expires _____

_____
Notary Public of Calhoun County, West Virginia

OFFICIAL NOTICE OF SALE

$3,370,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF CALHOUN, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1996

Sealed proposals will be received on behalf of The Board of Education of the County of Calhoun (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on August 22, 1996, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the $3,370,000 Public School Bonds, Series 1996 (the "Bonds") of the Board. The Bonds will mature on May 1 in the years and in the amounts as follows:

Year	Principal Amount	Year	Principal Amount
1998	$135,000	2006	$230,000
1999	145,000	2007	245,000
2000	155,000	2008	265,000
2001	165,000	2009	280,000
2002	175,000	2010	300,000
2003	190,000	2011	325,000
2004	200,000	2012	345,000
2005	215,000		

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 Calhoun 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 September 1, 1996, 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.

At the option of the Board, the 1996 Bonds will be subject to redemption prior to maturity on or after May 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101%
May 1, 2008 and thereafter	100%

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 Board of Investments. The Board of Investments has designated The City National Bank of Charleston, Charleston, West Virginia, as Paying Agent for payment of the Bonds and to act as transfer agent and maintain the registration books, for the Board of Investments, at the Bank's office in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996, and will be payable May 1, 1997, 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

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 time 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) an 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 could 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.

OFFICIAL NOTICE OF SALE
$3,370,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF CALHOUN, WEST VIRGINIA

PUBLIC SCHOOL BONDS, SERIES 1996

Sealed proposals will be received on behalf of The Board of Education of the County of Calhoun, (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on August 22, 1996, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the $3,370,000 Public School Bonds, Series 1996 (the "Bonds") of the Board. The Bonds will mature on May 1 in the years and in the amounts as follows:

Year	Principal Amount	Year	Principal Amount
1998	$135,000	2006	$230,000
1999	145,000	2007	245,000
2000	155,000	2008	265,000
2001	165,000	2009	280,000
2002	175,000	2010	300,000
2003	190,000	2011	325,000
2004	200,000	2012	345,000
2005	215,000		

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 Calhoun 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 September 1, 1996, 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.

At the option of the Board, the 1996 Bonds will be subject to redemption prior to maturity on or after May 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of

any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
May 1, 2006 through April 30, 2007	102%
May 1, 2007 through April 30, 2008	101%
May 1, 2008 and thereafter	100%

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 Board of Investments. The Board of Investments has designated The City National Bank of Charleston, Charleston, West Virginia, as Paying Agent for payment of the Bonds and to act as transfer agent and maintain the registration books, for the Board of Investments, at the Bank's office in Charleston, West Virginia.

Interest on the Bonds will accrue from September 1, 1996, and will be payable May 1, 1997, 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. Tilden Hackworth, Superintendent of Schools of the County of Calhoun, 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 $3,370,000) 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 8% per annum, (b) more than one interest rate for any Bonds having like maturity, or (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%). 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 ($67,400), payable to the order of The Board of Education of Calhoun 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.

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 September 1, 1996, 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 Calhoun, West Virginia". The Bonds will be delivered on or about September 10, 1996, 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 Goodwin & Goodwin, 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 Calhoun 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 time 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) an 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. The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

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 the purchase contract. 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. Tilden Hackworth, Superintendent, Calhoun County Board of Education, PO Box 460, Grantsville, West Virginia 26147 (telephone 304/354-7011), or from Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: /s/ Tilden Hackworth
Secretary, The Board of Education of the
County of Calhoun

DATE: August 8, 1996

OFFICIAL FORM OF PROPOSAL

August 22, 1996

Mr. Tilden Hackworth, Secretary
The Board of Education of
\e County of Calhoun, 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 August 8, 1996, which are hereby made part of this bid, we offer to purchase all of the $3,370,000 The Board of Education of the County of Calhoun, (West Virginia), Public School Bonds, Series 1996, described in said Official Notice of Sale, for the price of $3,370,000 plus a premium of $_____ plus accrued interest from September 1, 1996, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates and shall have the respective prices/yields set opposite such years in the following table:

Year	Principal Amount	Interest Rate	Price/ Yield	Year	Principal Amount	Interest Rate	Price/ Yield
1998	$135,000			2006	$230,000		
1999	145,000			2007	245,000		
2000	155,000			2008	265,000		
2001	165,000			2009	280,000		
2002	175,000			2010	300,000		
2003	190,000			2011	325,000		
2004	200,000			2012	345,000		
2005	215,000						

Enclosed is one or more certified or cashier's checks or treasurer's checks drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Calhoun, (West Virginia), for $67,400, which check is to be turned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

_____
Name of Bidder

BY:_____

The foregoing proposal is hereby accepted this ____ day of ___, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: _____

(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 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:_____

OFFICIAL FORM OF PROPOSAL

August 22, 1996

Mr. Tilden Hackworth, Secretary
The Board of Education of
the County of Calhoun, 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 August 8, 1996, which are hereby made part of this bid, we offer to purchase all of the $3,370,000 The Board of Education of the County of Calhoun, (West Virginia), Public School Bonds, Series 1996, described in said Official Notice of Sale, for the price of $3,370,000 plus a premium of $24.24 plus accrued interest from September 1, 1996, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates and shall have the respective prices/yields set opposite such years in the following table:

Year	Principal Amount	Interest Rate	Price/ Yield	Year	Principal Amount	Interest Rate	Price/ Yield
1998	$135,000	4.625	3.90	2006	$230,000	4.75	4.75
1999	145,000	5.875	4.05	2007	245,000	4.85	4.85
2000	155,000	5.875	4.15	2008	265,000	4.95	4.95
2001	165,000	5.625	4.25	2009	280,000	5.00	5.05
2002	175,000	5.125	4.35	2010	300,000	5.00	5.15
2003	190,000	4.625	4.45	2011	325,000	5.00	5.25
2004	200,000	4.625	4.55	2012	345,000	5.00	5.25
2005	215,000	4.65	4.65				

Enclosed is one or more certified or cashier's checks or treasurer's checks drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Calhoun, (West Virginia), for $67,400, which check is to be turned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

CRESTAR SEC. CORP.
Name of Bidder

BY: JAKA JON A KAMTHUN
804-643-8463

The foregoing proposal is hereby accepted this 22 day of AUGUST, 1996.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: Tilden L Hackworth

(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 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)	$1,657,602.08
Less Premium	$24.24
Net Interest Cost	$1,657,577.84
Rate of Net Interest Cost	4.97 %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By:_____

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 10th day of September, 1996, by and between THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN, the governing body of the Calhoun County School District, a public school district of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF CHARLESTON, Charleston, West Virginia, a national association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $3,370,000 aggregate principal amount of Public School Bonds, Series 1996, in fully registered form (the "Bonds"), pursuant to a Resolution and Order adopted June 3, 1996 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar and Paying Agent for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Paying Agent and 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 Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Paying Agent and Registrar, all 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 exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board (the "MSRB") or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to disseminate notice to each National Repository and any State Depository of any Material Event, as such terms are defined and described in the Continuing Disclosure Certificate executed on behalf of the Issuer, a copy of which is attached as Exhibit B hereto and incorporated herein by reference. The Registrar shall not be obligated to provide notice of any Material Event that is not within its knowledge. The Registrar shall not be in violation of the other terms and

conditions of this Agreement for failure to provide such notice. The Registrar's agreement to provide notice of any Material Event is made to assist the Issuer in complying with the continuing disclosure obligation rules and regulations promulgated by the MSRB and applicable to the Issuer.

3. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Paying Agent and Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

4. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer and the Registrar and Paying Agent shall be fully indemnified and held harmless by the Issuer for any claims against Paying Agent as a result of any loss by the registered owner of any Bond if payments of principal or interest are not made when due if such failure is caused by a lack of funds being advanced to the Paying Agent as required under paragraph 5 of this Agreement.

5. As compensation for acting as Paying Agent and Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Paying Agent and Registrar; provided, the Paying Agent shall have no duty or responsibility for making any payment of interest or principal to the registered owner of any Bond, as required in paragraphs 4 and 9 of the Resolution, unless the Issuer shall have advanced or caused to be advanced to the Paying Agent sufficient funds to fully cover the cost of such payments of principal and interest. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution the terms of the Resolution shall govern.

7. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's 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.

8. This Registrar's Agreement may be terminated by either party upon sixty (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 Calhoun County
Rt. 1, Box 1E
Grantsville, WV 26147

REGISTRAR: The City National Bank of Charleston
3601 MacCorkle Ave., S.E.
Charleston, WV 25304
Attention: Charles Jarrell, Sr. Vice President

9. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with instructions provided by the Purchaser thereof.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN and THE CITY NATIONAL BANK OF CHARLESTON have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

THE BOARD OF EDUCATION OF THE COUNTY OF CALHOUN

By: _____
President

THE CITY NATIONAL BANK OF CHARLESTON

By: _____
Senior Vice President

Exhibit A

(Resolution and Order)

(See Tab 3)

Exhibit B

(Continuing Disclosure Certificate)

(See Tab 10)

Board Members:

Honorable W. Gaston Caperton, III
Governor/Chairman

Mr. John T. Poffenbarger
Executive Secretary/Member

rable Larrie Bailey
Treasurer/Member

Honorable Glen B. Gainer, III
Auditor/Member

Mr. Carlyle Farnsworth
Member

Ms. Marie Prezioso
Member

Mr. William T. Tracy
Member

State of West Virginia
Board of Investments

Suite E-122
State Capitol
Charleston, WV 25305
Telephone: (304) 558-5000
Telefax: (304) 344-9284

Staff:

H. Craig Slaughter
Executive Director

D. Jerry Simpson
Chief Operating Officer

Matthew E. Jones
Chief Financial Officer

Diana Will
Chief Investment Officer

Mark E. N. Asaad
General Counsel

June 6, 1996

Mr. John Hager
Calhoun County Board of Education
Rt. 1, Box 1E
Grantsville, West Virginia 26147

RE: $3,370,000 The Board of Education
of the County of Calhoun (West Virginia),
Public School Bonds, Series 1996

Dear Mr. Hager:

Please be advised that in conjunction with the above referenced bond issue that The City National Bank of Charleston is hereby designated as paying agent of the West Virginia State Board of Investments for payment of these bonds.

The City National Bank of Charleston is also authorized to act as transfer agent and to maintain the registration books for the above referenced bond issue for the West Virginia State Board of Investments.

Sincerely,

Jerry Simpson
Acting Executive Director

cc: Ms. Marie Prezioso, Ferris, Baker Watts
Mr. William K. Bragg, Jr., Goodwin & Goodwin

z:\...\simpson\calhoun bwa

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street,
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: Sept. 10, 1996
(See Reverse for Instructions)

ISSUE: $3,370,000 The Board of Education of the County of Calhoun, West Virginia, Public School Bonds, Series 1996

ADDRESS: Rt. 1, Box 1E
Grantsville, WV 26147 COUNTY: Calhoun

PURPOSE: New Money X
OF ISSUE: Refunding ___

ISSUE DATE: Sept. 1, 1996 CLOSING DATE: September 10, 1996
ISSUE AMOUNT: $3,370,000 RATE: 4.97% (NIC)
1st DEBT SERVICE DUE: May 1, 1997 1ST PRINCIPAL DUE: May 1, 1998
1ST DEBT SERVICE AMOUNT: $114,185.83 PAYING AGENT: The City National Bank of Charleston

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BOND COUNSEL: Goodwin & Goodwin
Contact Person: W. K. Bragg, Jr.
Phone: (304) 346-7000

UNDERWRITER'S BOND COUNSEL:
Contact Person: N/A
Phone: _____

REGISTRAR/PAYING AGENT: The City National Bank of Charleston
Contact Person: Charles Jarrell
Phone: 926-3339

ESCROW TRUSTEE: N/A
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Tilden Hackworth
Position: Superintendent
Phone: 354-7011

FINANCIAL ADVISOR: Ferris, Baker Watts, Incorporated
Contact Person: Marie Prezioso
Phone: 345-3421

DEPOSITS TO MBC AT CLOSE:

	___	Accrued Interest:	$ _____
	X	Capitalized Interest:	$ 114,185.83
By X	Wire	___ Reserve Account:	$ _____
___	Check	___ Other: Capital Outlay Account	$ _____

- -

-REFUNDS & TRANSFERS BY MBC AT CLOSE:

	___	To Escrow Trustee:	$ _____
By ___	Wire	___ To Issuer:	$ _____
___	Check	___ To Cons. Invest. Fund:	$ _____
___	IGT	___ Other: _____	$ _____

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

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.
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. — For comprehensive treatment of power of municipalities to incur and pay debts, borrow money and issue bonds, see 13B M.J., Municipal Corporations.

As to power of counties to do likewise, see 5A M.J., Counties.

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. 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 and note thereto.

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).

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).

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 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 such constitutional tax limitation, c. 11, art. 8.

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.

ALR references. — Statute requiring or authorizing judicial or administrative approval before issuance or sale of municipal bonds, 87 ALR 706; 102 ALR 90.

Kind or type of contractual obligation within term "bonds" in statute validating or legalizing obligations of municipalities or other public bodies, 128 ALR 1411.

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).

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 princi-

pal 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. 46 Op. Att'y Gen. 337 (1955).

Hence, 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).

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).

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).

And 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).

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.)

Certain questions cannot be submitted at special election designated for consideration of constitutional amendments. — 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).

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.

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).

And to do so promptly and without unnecessary delay. — 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).

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).

As ballot clearly indicating intention of voter is 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.

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 board of investments 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.)

Effect of amendment of 1994. — The amendment inserted "determine whether all ... the terms of the redemption" near the end of the section; and made minor punctuation changes.

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

board of investments 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 board of investments 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.)

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 board of investments. 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 [§ 13-1-17]. 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 board of investments 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.)

§ 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.)

ALR references. — Legislature's power to add to or make more onerous conditions prescribed by constitution upon incurring of public debt, 106 ALR 231.

Power and discretion of officer or board authorized to issue bonds of governmental unit as regards terms or conditions to be included therein, 119 ALR 190.

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).

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).

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.)

ALR references. — Validity of bond issue in excess of amount permitted by law within authorized debt, tax, or voted limit, 175 ALR 823.

§ 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 South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

And 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 South 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).

Thus he may not withhold approval, all preliminary proceedings having 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).

But if his judgment 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 South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

And the 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 South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

In the proper exercise of his powers under § 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 South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Effect 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).

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).

BOOK-ENTRY-ONLY MUNICIPAL BONDS

Letter of Representations

(To be Completed by Issuer and Agent)

The Board of Education
of Calhoun County, West Virginia
[Name of Issuer]

The City National Bank of Charleston
[Name of Agent]

August 26, 1996
(Date)

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street; 49th Floor
New York, NY 10041-0099

Re: $3,370,000 The Board of Education of the County of Calhoun (West Virginia), Public School Bonds, Series 1996
(Issue Description)

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a ~~trust indenture~~, bond resolution~~x or other such document~~ authorizing the issuance of the Bonds dated June 3, 1996 (the "Document"). Ferris, Baker Watts, Incorporated (~~Underwriter~~) Financial Advisor is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on September 10, 1996, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds $150 million, one certificate will be issued with respect to each $150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each $150 million Bond certificate shall bear the following legend:

> Unless this certificate 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 certificate 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.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor; Proxy
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager; Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager; Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (*e.g.*, tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B 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 Calhoun County
(Issuer)

By: _____
(Authorized Officer's Signature) Secretary

The City National Bank of Charleston
(Agent)

By: _____
(Authorized Officer's Signature) Senior Vice President

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____
(Authorized Officer)

cc: Underwriter
Underwriter's Counsel

SCHEDULE A

$3,370,000
THE BOARD OF EDUCATION OF CALHOUN COUNTY (WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 1996

BOND NO.	CUSIP	PRINCIPAL AMOUNT	MATURITY DATE	INTEREST RATE
R-1	129748 AA 7	$135,000	May 1, 1998	6.625%
R-2	129748 AB 5	$145,000	May 1, 1999	5.875%
R-3	129748 AC 3	$155,000	May 1, 2000	5.875%
R-4	129748 AD 1	$165,000	May 1, 2001	5.625%
R-5	129748 AE 9	$175,000	May 1, 2002	5.125%
R-6	129748 AF 6	$190,000	May 1, 2003	4.625%
R-7	129748 AG 4	$200,000	May 1, 2004	4.625%
R-8	129748 AH 2	$215,000	May 1, 2005	4.65%
R-9	129748 AJ 8	$230,000	May 1, 2006	4.75%
F 0	129748 AK 5	$245,000	May 1, 2007	4.85%
R-11	129748 AL 3	$265,000	May 1, 2008	4.95%
R-12	129748 AM 1	$280,000	May 1, 2009	5.00%
R-13	129748 AN 9	$300,000	May 1, 2010	5.00%
R-14	129748 AP 4	$325,000	May 1, 2011	5.00%
R-15	129748 AQ 2	$345,000	May 1, 2012	5.00%