

**\$2,655,000**

**THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
[WEST VIRGINIA]**

**PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008**

**DATE OF CLOSING: DECEMBER 23, 2008**

**APPROVING OPINION**

**BOWLES RICE MCDAVID GRAFF & LOVE LLP  
600 QUARRIER STREET  
CHARLESTON, WEST VIRGINIA 25301**

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

PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

DATE OF CLOSING: DECEMBER 23, 2008

BOND TRANSCRIPT

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A RESOLUTION AND ORDER PROVIDING FOR AND AUTHORIZING THE CURRENT REFUNDING OF THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER PUBLIC SCHOOL BONDS, SERIES 1997, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,895,000 AND THE ISSUANCE FOR SUCH PURPOSE OF NOT TO EXCEED \$2,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008; AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE TERMS OF SUCH BONDS; AUTHORIZING AND APPROVING AN ESCROW AGREEMENT AND OTHER INSTRUMENTS RELATIVE TO THE BONDS; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT; APPOINTING REGISTRAR AND A PAYING AGENT; PROVIDING DIRECTION FOR THE DISPOSITION OF THE PROCEEDS OF THE BONDS AND FUNDS ON DEPOSIT WITH THE WEST VIRGINIA MUNICIPAL BOND COMMISSION AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, by Resolution and Order Directing Issuance of the Bonds duly adopted by the Board of Education and pursuant to a general election held November 5, 1996, The Board of Education of the County of Greenbrier (West Virginia) (the "Board"), authorized and directed the issuance of \$8,000,000 in aggregate principal amount of The Board of Education of the County of Greenbrier Public School Bonds, Series 1997, dated March 1, 1997 (the "Prior Bonds");

WHEREAS, Chapter 13, Article 2, of the West Virginia Code of 1931, as amended (the "Refunding Act"), authorizes, in the manner and subject to the limitations and conditions contained in the Refunding Act, the issuance and sale of refunding bonds by the Board to provide for the payment of the Prior Bonds in advance of the maturity thereof through the deposit with the West Virginia Municipal Bond Commission (the "Commission") of moneys or specified governmental obligations sufficient to pay, when and as due, all principal of and interest on the Prior Bonds;

WHEREAS, it has been proposed that the Greenbrier County School District (the "School District") currently refund the Prior Bonds (the "Refunding") pursuant to the Refunding Act through the issuance of its not to exceed \$2,800,000 in aggregate principal amount of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 2008 (whether issued in one or more bonds, the "Refunding Bonds"), as in this Resolution and Order (the "Resolution") provided;

WHEREAS, the Board has on deposit with the Commission, as of the date hereof, approximately \$1,406,572 in funds from taxes levied and collected with respect to the Prior Bonds, of which approximately \$400,000 will be used, together with proceeds of the Refunding

Bonds, for purposes of the Refunding, approximately \$400,000 of which will be used for projects authorized by the Prior Bonds and the remaining amount will be applied to debt service on the Refunding Bonds;

WHEREAS, Raymond James & Associates, Inc. (the "Underwriter"), acting for and on behalf of itself, has presented a form of Bond Purchase Agreement (the "BPA") relating to the proposed sale of the Refunding Bonds;

WHEREAS, on November 4, 2008, voters in the School District approved the issuance of up to \$37,745,000 in general obligation bonds to finance designated school improvements and Raymond James & Associates, Inc. has been retained as the financial advisor for the proposed bonds;

WHEREAS, after due consideration, the Board has determined that it is in the best interests of the Board and the citizens and residents of the School District that the Refunding be accomplished and that the Refunding Bonds be sold pursuant to the BPA, as hereinafter provided;

WHEREAS, it is in the best interests of the citizens and residents of the School District that the Surplus Funds be withdrawn from the Commission, concurrently and in connection with the Refunding, subject to the limitations set forth in Section 16 hereof; and

WHEREAS, the Refunding, the issuance of the Refunding Bonds under the specific terms and conditions provided herein, the defeasance of the Prior Bonds, the withdrawal of the Surplus Funds from the Commission and the use thereof as hereinafter provided are all in the best interests of the residents of the School District and the administration and operation of the School District.

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

1. There is hereby authorized and directed the Refunding of the Prior Bonds, as hereinafter provided, subject to subsequent action to be taken by the President of the Board, as herein provided.

2. For the purpose of providing for the Refunding, the Board acting for and on behalf of the School District hereby authorizes and orders the issuance of the Refunding Bonds in the aggregate principal amount not to exceed \$2,800,000. The Refunding Bonds shall be designated "The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 2008."

3. The Refunding Bonds shall be dated such date upon original issuance, shall be numbered, shall bear interest payable semiannually on November 1 and May 1 of each year, commencing May 1, 2009, and shall mature in such principal amounts on such dates and shall be subject to such redemption provisions as shall be approved by the President. Provided that the principal amount of the Refunding Bonds shall not exceed \$2,800,000, the interest rate shall not exceed five percent (5%) *per annum* and the final maturity date shall not be later than May 1, 2012.

4. Said principal amounts, maturity dates and interest rates on the Refunding Bonds shall not increase the total indebtedness authorized by the voters of the School District with respect to the Prior Bonds. The amount of debt service payable on the Refunding Bonds in each year shall be equal to or less than the amount of taxes expected to be available therefor, and such facts shall be certified by the Chairman of the West Virginia Municipal Bond Commission (the "Commission") as a condition to issuance and delivery of the Refunding Bonds.

5. The Board hereby designates the Refunding Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants that the Refunding Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that no more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Board to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Refunding Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Board, during the calendar year 2008.

6. The Refunding Bonds shall be issued in fully registered form without coupons, in the denominations of \$5,000.00 or integral multiples thereof for any year of maturity, shall be numbered from R-1 consecutively upward in order of maturity and shall be substantially in the form set forth in **EXHIBIT A - BOND FORM**, attached hereto and incorporated herein by reference, with such variations as are approved by those officers executing such Refunding Bonds on behalf of the School District, such execution by such officers to constitute conclusive evidence of such approval. The Refunding Bonds shall be signed by and on behalf of the School District by the President and be countersigned by the Secretary which signatures may be either manual or facsimile signatures, and the seal of the School District or a facsimile thereof shall be affixed to or imprinted thereon, provided that the authentication of the Refunding Bonds shall be manually signed by the Registrar.

7. The Refunding Bonds shall be registered upon issuance to CEDE & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). In the event the School District determines that it is in the best interest of the beneficial owners of the Refunding Bonds that they obtain Refunding Bond certificates, the School District may notify DTC and the Registrar, whereupon DTC will notify its participants, of the availability through DTC of Refunding Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Refunding Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the School District or the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the School District and the Registrar shall be obligated to deliver Refunding Bond certificates as described in a resolution supplemental hereto. In the event the Refunding Bond certificates are issued, the provisions of this Resolution and Order shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such Refunding Bond certificates. Whenever DTC requests the Issuer and the Registrar to do so, the Registrar and the School District will cooperate

with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Refunding Bonds to any participant have the Refunding Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Refunding Bonds. The President of the School District is hereby authorized and directed to execute and deliver, if necessary, to DTC a Letter of Representation in substantially the form presented to this meeting and the School District is authorized to comply with all requirements of DTC.

8. The President of the Board shall have the authority to approve the pricing and other final terms of the Refunding Bonds, including the determination of whether to issue the Refunding Bonds.

9. United Bank, Inc., Charleston, West Virginia, is hereby appointed Registrar (the "Registrar") and the West Virginia Municipal Bond Commission is appointed paying agent (the "Paying Agent") for the Refunding Bonds, and any previous notification to such effect is hereby ratified, approved and confirmed. The Registrar shall signify its acceptance of the duties and obligations imposed upon it by executing and delivering to the School District a written acceptance thereof. The Registrar shall be entitled to payment and reimbursement for reasonable fees for its services rendered and all advances, counsel fees and other expenses reasonably and necessarily incurred by the Registrar in connection with such services. Notwithstanding the foregoing, the expense of transfer or registration or exchange shall be paid by the registered owner of any Refunding Bond.

10. The Refunding Bonds shall be transferable only upon the books kept for that purpose by the Registrar (the "Bond Register") by an authorized representative of the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by an authorized representative of the registered owner or his duly authorized attorney. The Refunding Bonds may also be exchanged at the option and expense of the registered owner thereof at the office of the Registrar. Upon exchange or transfer of any Refunding Bond, there shall be issued, at the option of the registered owner or the transferee, another fully registered Refunding Bond or Bonds, in such authorized denomination or denominations as may be requested, of the aggregate principal amount equal to the amount of the exchanged or transferred Refunding Bond. Notwithstanding the foregoing, at the option of the registered owner thereof, Refunding Bonds may be transferred and exchanged, but only in the manner set forth above, at the office of the Board of Investments, as registrar and paying agent. A duplicate Bond Register shall be kept by the Board of Investments, and notice of any transfer or exchange made by the Registrar shall be immediately given by it to the Board of Investments and vice versa.

11. The principal of any Refunding Bond shall be payable upon maturity to the registered owner thereof upon surrender of such Refunding Bond at the principal corporate trust office of the Registrar; provided that, at the option of the registered owner, any Refunding Bond may be submitted to the office of the Board of Treasury Investments. Interest on each Refunding Bond is payable by check or draft mailed or, at the option of the Registrar or the Board of Treasury Investments, by wire transfer by the Registrar, from funds transmitted by the Commission, to the registered owner of such Refunding Bond at his address as it appears on the

Bond Register at the close of business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding any interest payment date.

12. Raymond James & Associates, Inc. is hereby appointed as Underwriter (the "Underwriter") for the Refunding Bonds. The Refunding Bonds shall be sold to the Underwriter. The President shall, subject to the provision contained in this Resolution and Order, execute and deliver the BPA, the form of which is set forth in Exhibit B and is hereby approved, with such changes, insertions and omissions as may be approved by the President. Execution of the BPA by the President shall be conclusive evidence of any approval required by this Section. The Board hereby acknowledges that Raymond James & Associates, Inc. has been retained to serve as the financial advisor for the proposed \$37,745,000 general obligation bonds under a separate arrangement.

13. The delivery of a PRELIMINARY OFFICIAL STATEMENT substantially in the form set forth in Exhibit C, attached hereto and incorporated herein by reference is ratified and confirmed.

14. The firm of Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia, is hereby confirmed as having been engaged for the purpose of serving as Bond Counsel with respect to the Refunding Bonds.

15. The Board finds and determines that the amount of the Refunding Bonds, together with all other bonded indebtedness of the Board (excluding the Prior Bonds), does not exceed in the aggregate five percent (5%) of the value of the taxable property in the School District, as shown by the last assessment thereof and ascertained in accordance with Section 8, Article X of the Constitution of West Virginia; that the Refunding Bonds shall be payable from a direct annual tax levied and collected on all taxable property in the School District in the ratio as between the several classes or types of such taxable property specified in Section 1, Article X of the Constitution, sufficient to pay annually the principal of and the interest on the Refunding Bonds falling due in each year, such tax levies to be laid separate and apart from, and in addition to, the maximum rates provided for tax levies by city 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, such taxes to be levied and collected by the same officers, at the same time and in the same manner as the general taxes of the School District; and that there is no outstanding indebtedness of the School District created prior to October 1, 1938. In laying such levy sufficient to pay the principal of and interest on the Refunding Bonds, the School District shall allow for exonerations and delinquencies, considering the levy amount rendered to it by the Commission.

16. The School District hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Refunding Bonds or any other funds of the School District to be used or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Refunding Bonds or Prior Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The President of the Board is authorized and directed to execute and deliver such further instruments as shall be required to provide further assurance of the School District's compliance with the covenant.

17. The action of the Underwriter on behalf of the Board Secretary in notifying the Executive Director of the Commission of the intention to accomplish the proposed Refunding and requesting the withdrawal of the Surplus Funds in the approximate amount of \$800,000 is herewith ratified. The delivery of such letter to the Commission and the withdrawal of the Surplus Funds are hereby in all respects authorized, approved and directed.

18. The Surplus Funds in the amount of approximately \$400,000.00 shall be applied to redeeming Prior Bonds and thus reduce the amount required from the Refunding Funds herein authorized. Upon defeasance of the Prior Bonds, Surplus Funds and proceeds of the Refunding Bonds shall be deposited into an escrow account with the Commission pursuant to the escrow agreement (the "Escrow Agreement") and used to call the Prior Bonds on or about February 1, 2009. Approximately \$400,000 of the Surplus Funds will expended on Projects authorized by the Prior Bonds. The Board is hereby authorized to enter into the Escrow Agreement.

19. The President, the Secretary and all other officers of the School District are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Refunding, hereby and by this Ordinance approved and provided for, including, if needed, subscription forms for the purchase of United States Government Securities, State and Local Government securities, a Depository Trust Company Letter of Representations and any forms or documents necessary to qualify the Refunding Bonds for sale under the "Blue Sky Laws" of any state, to the end that the Refunding Bonds may be delivered at the earliest practicable date pursuant to the BPA.

20. Notwithstanding the provisions of any order or resolution of the Board heretofore adopted or entered, the Board hereby authorizes proceeds of the Refunding Bonds and the Prior Bonds, together with any Deposited Funds and tax revenues earmarked for payment of debt service on the Refunding Bonds to be deposited with the Commission, as escrow agent, and invested by the Commission in State and Local Government Securities or other appropriate United States Government Securities.

21. The School District hereby finds and determines that legal provision has been made for the imposition, levy and collection of, and the School District hereby covenants to levy and collect, a direct annual tax in excess of all other taxes, on all taxable property in the School District sufficient to pay the principal of and the interest on the Refunding Bonds, as and when payable, and that, except for any bonds which may be hereafter authorized and issued, and the School Districts Series 2002 Bonds, there are no outstanding general obligation bonds of the School District heretofore issued other than the Prior Bonds, which shall be deemed paid upon the completion of the Refunding.

22. The President is hereby authorized and directed to execute and deliver to the Executive Director of the Commission, as soon as possible, a request to certify the amount of taxes expected to be available for the payment of the debt service on the Refunding Bonds in each year, as required by the Refunding Act.

23. The President of the Board is hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Refunding Bonds to be duly and

properly issued by the School District and delivered to the purchaser(s) as herein authorized and to otherwise facilitate the transaction contemplated by this Resolution and Order and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required, including without limitation, effectuating the sale of the Refunding Bonds by signing a completed BPA in substantially the form submitted to this meeting.

24. This RESOLUTION and ORDER shall take effect immediately upon its adoption.

Adopted on the 4<sup>th</sup> day of December, 2008.

THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER

By: Kathy L King  
Its: President

Attest:

J. D. Curry  
Its: Secretary

EXHIBIT A - BOND FORM

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

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER [WEST VIRGINIA]  
PUBLIC SCHOOL REFUNDING BOND,  
SERIES 2008

INTEREST RATE  
\_\_\_\_.\_\_\_\_%

MATURITY DATE  
May 1, \_\_\_\_

BOND DATE  
December \_\_, 2008

REGISTERED OWNER: CEDE & Co.

CUSIP

PRINCIPAL AMOUNT: \_\_\_\_\_ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above,

semiannually, on May 1 and November 1, in each year, beginning May 1, 2009 (each an "Interest Payment Date"), until paid in full. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Order and Resolution.

Installments of this Bond shall be payable to the Registered Owner at the principal office of the Treasurer of the State of West Virginia. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent. Interest on this Bond is payable by check, or draft, mailed or by wire transfer by the Paying Agent to the Registered Owner hereof at his address as it appears on the books kept for that purpose by United Bank, Inc., as the registrar (the "Bond Register") at the close of Business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding such interest payment date.

This Bond is transferable only upon the Bond Register by an authorized representative of the Registered Owner in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar or the Board of Investments, as the case may be, duly executed by the Registered Owner or his duly authorized representative, and upon such other terms and payment of such costs as are provided in the Resolution, as hereinafter defined.

This Bond is authorized to be issued in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"), by an Order and Resolution and adopted by the Board on December 4, 2008 (the "Order"). The Bonds are issued for the purpose of current refunding all of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 1997 currently outstanding in the aggregate principal amount of \$2,895,000 (the "Prior Bonds").

It is hereby certified that this Bond is authorized by and issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended. It is hereby further certified that legal provision has been made by the Board for the levy and collection of a direct annual tax sufficient in amount to pay the principal hereof and the interest and the interest hereon, as and when payable, which tax shall have precedence over all other taxes levied for any purpose of the Board except the payment of interest and sinking fund requirements on bonds heretofore issued, or which may be hereafter authorized and issued, there being no outstanding indebtedness of the Board created prior to October 1, 1938; that said tax is levied within the limits fixed by Section 1, Article X of the Constitution of West Virginia; that said levies do not exceed any constitutional or statutory limitations; and that the amount of the Refunding Bonds, together with all other bonded indebtedness of the Board, does not exceed any charter, statutory or constitutional limitations thereon. Upon the issuance of the Bonds, the lien of the Prior Bonds on said tax levies shall be defeased and discharged.

For the payment of both principal hereof and interest hereon, the full faith and credit and resources of the School District are hereby irrevocably pledged in the manner prescribed by, and subject to the limitations set forth in, the Constitution of West Virginia.

The Bond is exempt from all taxation by the State of West Virginia or any political subdivision thereof.

This Bond has been designated a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

[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 as printed on the Bonds or as contained in any notice.]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia) has caused this Bond to be duly signed by its President and countersigned by its Secretary and has caused its corporate seal to be impressed or imprinted hereon, all as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

(SEAL)

(Manual or Facsimile Signature)  
President

(Manual or Facsimile Signature)  
Secretary

CERTIFICATE OF  
AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds 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 Bowles Rice McDavid Graff & Love, LLP, bond counsel, signed originals of which is on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: \_\_\_\_\_.

as Registrar

By: \_\_\_\_\_  
Its Authorized Officer

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.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

§  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

BOND PURCHASE AGREEMENT

December \_\_, 2008

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901

Ladies and Gentlemen:

Raymond James & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with The Board of Education of the County of Greenbrier (the "Board"). This offer is made subject to acceptance and execution of this Purchase Agreement by the Board prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the Board as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the President of the Board in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Board and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Resolution.

1. The Board of Education of the County of Greenbrier, Public School Refunding Bonds, Series 2008 (the "Bonds") are being issued, along with other available funds, (i) to refund the Board's Public School Bonds, Series 1997, issued in the original principal amount of \$8,000,000 (the "Refunded Bonds"); and (ii) to pay a portion of the costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Resolution and Order of the Board on December 4, 2008, (the "Resolution"). The Resolution shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Board's and Underwriter's counsel shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Board, and the Board agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of \$ \_\_\_\_\_ (\$ \_\_\_\_\_ plus a net premium of  
{C1444891.1}

\$ \_\_\_\_\_ and minus Underwriter's Discount of \$ \_\_\_\_\_). The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity and payment on such date is provided for, payable semiannually on May 1 and December 1 of each year, commencing May 1, 2009, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibits A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the Board, the Board shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement dated December \_\_, 2008 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the Board by its President as requested below.

3. The Official Statement has been approved for distribution by the Resolution. The Board authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Bonds.

On December \_\_, 2008, the Board delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the Board which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Board shall deliver or cause to be delivered to the Underwriter, after the acceptance by the Board of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the Board in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The Board covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the Board has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may

from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the Board so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the Board will furnish such information with respect to itself as the Underwriter from time to time reasonably request. The Underwriter hereby agrees that it will deposit or cause to be deposited with a nationally recognized municipal securities information repository a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the Board that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the Board from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December \_\_, 2008, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the Board will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the Board and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of \_\_\_\_\_, as Depository Bank (the "Depository Bank"), for the account of the Board. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The respective Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on December \_\_, 2008. The Board also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") at the time required by The Depository Trust Company.

5. The Board represents and warrants to the Underwriter and agrees that:

(a) The Board is duly organized and validly existing as a public corporation of the State of West Virginia authorized to administer the county school district pursuant to Chapter 18, Article 5 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The Board shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The Board has full legal right, power and authority to issue bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to adopt the Resolution and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The Board shall on or before the Closing have entered into an Escrow Agreement dated as of the date of the Bonds (the "Escrow Agreement") by and among the Board and the West Virginia Municipal Bond Commission (the "Escrow Agent" or "Paying Agent"), pursuant to which an escrow fund (the "Escrow Fund") shall be created. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds currently refunded on February 1, 2009, and for the benefit of the holders thereof. The Escrow Fund is to be invested as described in the Escrow Agreement;

(e) The cash deposited in the Escrow Fund, and the income to be derived from the investment thereof shall be sufficient to defease the Refunded Bonds described in the Escrow Agreement and the liens of the resolutions authorizing such bonds, all in accordance with the provisions of the Act;

(f) The information contained in the Preliminary Official Statement dated December \_\_, 2008, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(g) At the time of the Board's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) If the Official Statement is supplemented or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to

state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Board shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Board will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the Board and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(j) Prior to the Board's acceptance hereof, the Board delivered to the Underwriter copies of the Preliminary Official Statement which the Board deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the Board shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(k) For purposes of this Purchase Agreement, the End of the Underwriting Period for the Bonds shall mean the earlier of (a) the day of the Closing unless the Board has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the Board by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Board pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the Board in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule;

(l) At or prior to the Closing, the Board shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(m) The Board has duly authorized all necessary action to be taken by you for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Resolution and in the Official Statement; (2) the execution and delivery of the Resolution and the Undertaking; (3) the approval of the Official Statement and the execution of the Official Statement by the President of the Board; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Resolution, the Escrow Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Board in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the Official Statement;

(n) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding general obligations of the Board payable from the ad valorem taxes levied upon all taxable property within the School District and moneys pledged therefor under the Resolution and will be entitled to the benefit of the Resolution;

(o) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the Board (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, the Undertaking, this Purchase Agreement, the Escrow Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, this Purchase Agreement, the Undertaking, the Escrow Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(p) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Resolution, the Escrow Agreement and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the Board's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Board is subject or by which the Board is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(q) The Board has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Board is a bond issuer whose arbitrage certifications may not be relied upon;

(r) All financial statements of the Board included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the Board as of the respective dates and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the Board or any material adverse change in the general affairs, management, financial position, or results of the Board and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the Board, except as reflected in or contemplated by the Official Statement; and

(s) Any certificate signed by the President or any of the Board's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Board to the Underwriter as to the statements made therein.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Board made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Resolution, the Escrow Agreement and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel their obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the Board in writing of their election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, Resolution, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or 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 made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the Board; and

(c) At or prior to the Closing, the Underwriter and the Board shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(1) The unqualified approving opinions, dated as of the Closing Date, of Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond

Counsel, in the forms attached as Appendix C to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit B;

(2) The opinion of Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board, dated as of the Closing Date and addressed to the Underwriter and the Board, in the forms attached hereto as Exhibit C;

(3) The opinion of Jackson Kelly PLLC, Charleston, West Virginia, counsel for the Underwriter, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit D;

(4) A certificate of the Escrow Agent dated as of the Closing Date, to the effect that (a) the Escrow Agent has the authority to act as Escrow Agent and for and in connection with the Refunded Bonds and has requisite powers to carry out its duties under the Escrow Agreement; and (b) the Escrow Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the Board and Paying Agent, the Escrow Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms;

(5) A certificate, satisfactory to the Underwriter, the President of the Board or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution, the Escrow Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Resolution, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound;

(6) Verification of the yield on the Series 2008 Bonds and the Escrow Fund and verification of the debt service savings obtained by refunding the Series 1997 Bonds by Smith, Cochran and Hicks, Certified Public Accountants, Charleston, West Virginia.

(7) Copies of this Purchase Agreement and the Escrow Agreement executed by the parties thereto;

(8) Executed copies of the Undertaking described in paragraph 5(j), in form and substance satisfactory to the Underwriter and counsel to the Underwriter;

(9) A certificate of the Board executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the Board is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(10) The Resolution, certified by the Secretary under the seal of the Board, as having been duly adopted by the Board and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(11) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(12) Evidence of an "AA-" rating from Standard & Poor's; and

(13) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If the Board shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the Board shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the Board shall pay or cause to be paid from the proceeds of the Bonds, any fees and expenses incident to the performance of the Board's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Bowles Rice McDavid Graff & Love, LLP, Bond Counsel; (iv) the fees and disbursements of Bowles Rice McDavid Graff & Love, LLP, Counsel for the Board; (v) rating agency fees; [(vi) all advertising expenses in connection with the public offering of the Bonds;] (vii) the fees and disbursements of the Registrar; (viii) the fees and expenses of Counsel to the Underwriter; (ix) the fees and expenses of the Escrow Agent and

Paying Agent, if any; (x) the fees and expenses of Smith, Cochran and Hicks, Certified Public Accountants; and (xii) all other expenses and cost (including the fees and expenses of the Board) for the authorization, issuance, sale and distribution of the Bonds.

8. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the Board will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the Board, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the Board shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the Board. For the purposes of this paragraph, the Board will furnish such information with respect to themselves as the Underwriter from time to time may request.

9. Neither the officials of the Board nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the Board within this Purchase Agreement.

10. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the Board:

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901  
Attention: President

To the Underwriter:

Raymond James & Associates, Inc.  
500 Laidley Tower  
500 Lee Street, East  
Charleston, West Virginia 25301

11. This Purchase Agreement is made solely for the benefit of the Board and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Board in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

12. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

13. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the Board. This Purchase Agreement shall become legally effective upon its acceptance by the Board, as evidenced by the signature of the President of the Board in the space provided hereinafter therefor.

Raymond James & Associates, Inc.

By: \_\_\_\_\_  
Its: Senior Vice President

ACCEPTED AND APPROVED:

The Board of Education of the County of Greenbrier

By: \_\_\_\_\_  
Its: President

EXHIBIT A-1

**Series 2008 Bonds**

\$ \_\_\_\_\_ **Serial Bonds**

Maturity                      Principal                      Interest                      Price                      CUSIP  
Date (May 1)                      Amount                      Rate

<u>Maturity</u> <u>Date (May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2009				
2010				
2011				
2012				

The Series 2008 Bonds are not subject to redemption prior to the maturity thereof.

EXHIBIT B-1

[SUPPLEMENTAL BOND COUNSEL OPINION OF  
BOWLES RICE MCDAVID GRAFF & LOVE, LLP]

(TO COME)

EXHIBIT C-1

[LETTERHEAD OF BOWLES RICE MCDAVID GRAFF & LOVE, LLP,  
COUNSEL TO BOARD]

(TO COME)

EXHIBIT D-1

[LETTERHEAD OF JACKSON KELLY PLLC]

December \_\_, 2006

Raymond James & Associates, Inc.  
500 Laidley Tower  
500 Lee Street, East  
Charleston, West Virginia 25301

Re: \$ \_\_\_\_\_ The Board of Education of the County of  
Greenbrier Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Greenbrier (the "Board") of its Public School Refunding Bonds, Series 2008 (the "Series 2008 Bonds") in the aggregate principal amount of \$ \_\_\_\_\_. In connection with rendering this opinion, we have examined the Official Statement dated December \_\_, 2008, the Bond Purchase Agreement dated December \_\_, 2008 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the Board dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Board, counsel for the Board, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to

state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2008 Bonds.

Very truly yours,

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT



\$2,655,000  
 THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
 (WEST VIRGINIA)  
 Public School Refunding Bonds, Series 2008

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned MARIE L. PREZIOSO, Director, Public Finance, of RAYMOND JAMES & ASSOCIATES, INC. (the "Purchaser"), for and on behalf of the Purchaser, and KATHY KING, President of THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (the "Issuer"), hereby certify as follows:

1. On December 23, 2008, through DTC in New York, New York, the Purchaser received the entire original issue of \$2,655,000 in aggregate principal amount of the Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008 (the "Bonds"). The Bonds, as so received on original issuance, are dated December 23, 2008, are numbered, mature on May 1 of the years, bear interest at the rates and are in the respective denominations set forth in **Exhibit A** attached hereto and incorporated herein by reference, and are all fully registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds upon original issuance, they had been signed by Kathy King, as President of the Issuer, by her manual signature, and countersigned by John Curry, as Superintendent and Secretary of the Issuer, by his manual signature, and the seal of the Issuer had been affixed upon such Bonds and had been authenticated by United Bank, Inc., as Registrar.

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:

Issue Price	\$2,655,000
Less: Underwriter's Discount	(39,825)
TOTAL	2,615,175

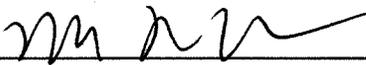
Payment for the Bonds was made in Federal Funds in the amount of \$2,615,175 on the date hereof.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, MARIE L. PREZIOSO, duly signed and delivered this receipt on behalf of the Purchaser and Kathy King for the Issuer duly signed and delivered this receipt on behalf of the Issuer has caused this receipt to be duly signed and delivered by its President as of this 23<sup>rd</sup> day of December 2008.

RAYMOND JAMES & ASSOCIATES, INC.

By:   
Its: Director, Public Finance

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

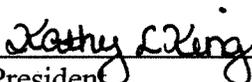
By:   
Its: President

EXHIBIT A

\$2,655,000

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

Public School Refunding Bonds, Series 2008

<u>Bond No.</u>	<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-1	2009	\$620,000	3.50%
R-2	2010	645,000	3.50%
R-3	2011	680,000	3.50%
R-4	2012	710,000	3.50%



December 15, 2008

**Summary:**

**Greenbrier County Board of  
Education, West Virginia; General  
Obligation; School State Program**

**Primary Credit Analyst:**

Nicole T Ridberg, New York (1) 212-438-4704; nicole\_ridberg@standardandpoors.com

**Secondary Credit Analyst:**

John Sugden-Castillo, New York (1) 212-438-1678; john\_sugden@standardandpoors.com

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Rationale

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**Summary:**

# Greenbrier County Board of Education, West Virginia; General Obligation; School State Program

## Credit Profile

US\$2.655 mil pub sch rfdg bnds ser 2008 dtd 12/18/2008 due 05/01/2012		
<i>Long Term Rating</i>	AA-/Stable	New
Greenbrier Cnty Brd of Ed		
<i>Long Term Rating</i>	AA-/Stable	Affirmed

## Rationale

The 'AA-' long-term rating on Greenbrier County Board of Education, W. Va., reflects the board's eligibility and participation in West Virginia's Municipal Bond Program. The rating also reflects the state's strong debt service oversight and the legislature's replenishment provision for the bond commission's sinking fund. Under the program, the state annually appropriates sufficient funds to meet any shortfall in an issuer's debt service payment to bondholders.

### Standing appropriation programs

Standard & Poor's Ratings Services rates four different types of state programs, in more than 20 states, that provide enhancement for school bond issues. These program types include state guarantee, permanent fund, standing or annual appropriation, and state intercept or withholding programs. Each state program is analyzed according to the program type and the rating is based on the characteristics of the particular program and funding mechanisms. West Virginia is one of five states with Standard & Poor's-rated standing appropriation programs, along with California, Minnesota, New Jersey, and Texas. Because appropriation programs depend on the ability of a state to use its cash reserves to make up any debt service deficiencies, the rating on a program is directly linked to the state's own credit quality. Therefore, the program rating will move in tandem with the related state rating, keeping the relative rating differential between the program rating and the state rating constant. The rating and outlook on the program outlook will always those on the state.

### West Virginia's municipal bond program

As authorized by Chapter 13, Article 3 of the West Virginia Code, the state's bond commission serves as the bond trust agent, administering the general obligation (GO) debt sinking funds for the state's school districts and municipalities. Also, the commission has debt service levy oversight. All funds collected to meet debt service on a municipality's GO bonds are turned over to the commission for payment of debt service.

In addition to this statutory provision, the commission's administrative guidelines include notifying the local government unit 35 days before a debt service payment, if available funds are insufficient for debt service. If sufficient funds are not on hand 15 days before the debt service payment, the entity is contacted again. Whenever the amount deposited for any issuer is not sufficient to meet the interest or principal due, it shall be the duty of the school district's treasurer, upon being notified of that fact by the commission, to immediately remit all funds in his

*Summary: Greenbrier County Board of Education, West Virginia; General Obligation; School State Program*

possession that have been earmarked by the issuer for the purpose of amortizing bonded indebtedness plus such additional funds as are necessary to meet the interest or principal due. Since 1921, the state legislature has made an annual blanket appropriation in the budget authorizing the governor to meet any deficiency in the state sinking fund because of a school district or governmental unit's failure to meet its debt service obligations.

### **Greenbrier County Board of Education**

The district is in southeast West Virginia on the Virginia border, and serves a population of 35,252. The district operates 10 elementary schools, two junior high schools, and two senior high schools. Enrollment totaled 5,301 in the 2008-2009 school year. The issue's proceeds will refund the series 1997 general obligation bonds outstanding.

## **Outlook**

The stable outlook reflects the stable outlook on the state's GO bond rating.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

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Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com).



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

No. R-1

\$ 620,000

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
[WEST VIRGINIA]  
PUBLIC SCHOOL REFUNDING BOND,  
SERIES 2008

INTEREST RATE  
3.50%

MATURITY DATE  
May 1, 2009

BOND DATE  
December 23, 2008

REGISTERED OWNER: CEDE & Co.

CUSIP  
393658 CF4

PRINCIPAL AMOUNT: SIX HUNDRED TWENTY THOUSAND AND 00/100  
DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above, semiannually, on May 1 and November 1, in each year, beginning May 1,

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

No. R-2

\$ 645,000

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
[WEST VIRGINIA]  
PUBLIC SCHOOL REFUNDING BOND,  
SERIES 2008

INTEREST RATE  
3.50%

MATURITY DATE  
May 1, 2010

BOND DATE  
December 23, 2008

REGISTERED OWNER: CEDE & Co.

CUSIP  
393658 CG2

PRINCIPAL AMOUNT: SIX HUNDRED FORTY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above, semiannually, on May 1 and November 1, in each year, beginning May 1,

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

No. R-3

\$ 680,000

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
[WEST VIRGINIA]  
PUBLIC SCHOOL REFUNDING BOND,  
SERIES 2008

INTEREST RATE  
3.50%

MATURITY DATE  
May 1, 2011

BOND DATE  
December 23, 2008

REGISTERED OWNER: CEDE & Co.

CUSIP  
393658 CH0

PRINCIPAL AMOUNT: SIX HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above, semiannually, on May 1 and November 1, in each year, beginning May 1,

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

No. R-4

\$ 710,000

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
[WEST VIRGINIA]  
PUBLIC SCHOOL REFUNDING BOND,  
SERIES 2008

INTEREST RATE  
3.50%

MATURITY DATE  
May 1, 2012

BOND DATE  
December 23, 2008

REGISTERED OWNER: CEDE & Co.

CUSIP  
393658 CJ6

PRINCIPAL AMOUNT: SEVEN HUNDRED TEN THOUSAND AND 00/100  
DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above, semiannually, on May 1 and November 1, in each year, beginning May 1,

2009 (each an "Interest Payment Date"), until paid in full. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Order and Resolution.

Installments of this Bond shall be payable to the Registered Owner at the principal office of the Treasurer of the State of West Virginia. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent. Interest on this Bond is payable by check, or draft, mailed or by wire transfer by the Paying Agent to the Registered Owner hereof at his address as it appears on the books kept for that purpose by United Bank, Inc., as the registrar (the "Bond Register") at the close of Business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding such interest payment date.

This Bond is transferable only upon the Bond Register by an authorized representative of the Registered Owner in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar or the Board of Investments, as the case may be, duly executed by the Registered Owner or his duly authorized representative, and upon such other terms and payment of such costs as are provided in the Resolution, as hereinafter defined.

This Bond is authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), by an Order and Resolution and adopted by the Board on December 4, 2008 (the "Order"). The Bonds are issued for the purpose of current refunding all of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 1997 currently outstanding in the aggregate principal amount of \$2,895,000 (the "Prior Bonds").

It is hereby certified that this Bond is authorized by and issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended. It is hereby further certified that legal provision has been made by the Board for the levy and collection of a direct annual tax sufficient in amount to pay the principal hereof and the interest and the interest hereon, as and when payable, which tax shall have precedence over all other taxes levied for any purpose of the Board except the payment of interest and sinking fund requirements on bonds heretofore issued, or which may be hereafter authorized and issued, there being no outstanding indebtedness of the Board created prior to October 1, 1938; that said tax is levied within the limits fixed by Section 1, Article X of the Constitution of West Virginia; that said levies do not exceed any constitutional or statutory limitations; and that the amount of the Refunding Bonds, together with all other bonded indebtedness of the Board, does not exceed any charter, statutory or constitutional limitations thereon. Upon the issuance of the Bonds, the lien of the Prior Bonds on said tax levies shall be defeased and discharged.

For the payment of both principal hereof and interest hereon, the full faith and credit and resources of the School District are hereby irrevocably pledged in the

manner prescribed by, and subject to the limitations set forth in, the Constitution of West Virginia.

The Bond is exempt from all taxation by the State of West Virginia or any political subdivision thereof.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

[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 as printed on the Bonds or as contained in any notice.]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia) has caused this Bond to be duly signed by its President and countersigned by its Secretary and has caused its corporate seal to be impressed or imprinted hereon, all as of the Bond Date specified above.

THE BOARD OF EDUCATION OF  
THE COUNTY OF GREENBRIER

(SEAL)

(Manual or Facsimile Signature)  
President

(Manual or Facsimile Signature)  
Secretary

CERTIFICATE OF  
AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds 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 Bowles Rice McDavid Graff & Love, LLP, bond counsel, signed originals of which is on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: \_\_\_\_\_.

as Registrar

By: \_\_\_\_\_  
Its Authorized Officer

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.



\$2,655,000  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
(WEST VIRGINIA)  
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

GENERAL CERTIFICATE OF THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER:

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

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

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Resolution and Order Providing for and Authorizing the Current Refunding of the Issuer's Series 1997 Bonds adopted December 4, 2008 (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 or the sale

of the Bonds or the collection of the ad valorem tax levies or the pledge thereof to the payment of the principal of an interest on 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 Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Resolution, the Escrow Agreement, the Bond Purchase Agreement, or the Continuing Disclosure Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the President, Secretary and the members of the Board and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the Bonds or the refunding of the Prior Bonds.

3. SALE OF BONDS; SIGNATURES: The Bonds were sold to Raymond James & Associates, Inc., Charleston, West Virginia, upon a negotiated basis at the price of par (\$2,655,000), less Underwriter's Discount and without accrued interest. As of the date hereof, the Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was affixed hereto.

4. DELIVERY AND PAYMENT: The undersigned President did, on the date hereof, deliver to the Purchaser, through DTC, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing on May 1 in each of the years 2009 to 2012, inclusive and numbered R-1 to R-4, inclusive.

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

Issue Price	\$2,655,000.00
Less: Underwriter's Discount	<u>(39,825.00)</u>
Total Received	\$2,615,175.00

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

Resolution and Order Directing Issuance of Bonds

Minutes (or excerpt) of Board Meeting of December 4, 2008

Preliminary Official Statement

Bond Purchase Agreement

Escrow Agreement

Registrar Agreement

Accountants’ Verification Report

Tax and Arbitrage Certificate

Certificate of Chairman of Bond Commission

Continuing Disclosure Agreement

Specimen Bond

S&P Rating

The execution, delivery, receipt and due performance of the covenants in these documents and the Issuer’s compliance with the provisions contained in these documents will not conflict with or constitute on the Issuer’s part a breach of or a default under any existing law, court or

administrative regulation, decree or order of any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or may be bound.

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 30, 2007, except as may be set forth in the Official Statement. Other than the Issuer’s Series 2002 Bonds, issued in the original amount of \$8,000,000 and currently outstanding in the amount of \$5,480,000, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

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

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

<u>Name and Office</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Kathy King – President	July 1, 2006	June 30, 2010
Jeannie Wyatt – Member	July 1, 2006	June 30, 2010
Hazel Reed – Member	July 1, 2008	June 30, 2012
Bob Toothman – Member	July 1, 2008	June 30, 2012
William Edward Zoop - Member	July 1, 2008	June 30, 2010

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

John Curry	-	Superintendent of Schools and Secretary
David A. McClure	-	Treasurer

The duly appointed and acting Special Counsel for the Issuer is Bowles Rice McDavid Graff & Love LLP, Morgantown, West Virginia.

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

10. BANK QUALIFICATION: The Issuer hereby confirms that it has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

12. PURCHASE AGREEMENT: The Issuer has duly performed all obligations under the Bond Purchase Agreement to be performed at or prior to the Closing and each of the representations and warranties contained in the Bond Purchase Agreement is true as of Closing.

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

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

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

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER on this 23<sup>rd</sup> day of December, 2008.

THE BOARD OF EDUCATION OF  
THE COUNTY OF GREENBRIER

[SEAL]

By: Kathy L. King  
Its: President

By: John P. Curry  
Its: Secretary



TAX REGULATORY AGREEMENT AND  
NON ARBITRAGE CERTIFICATE.

THIS TAX REGULATORY AGREEMENT AND NON-ARBITRAGE CERTIFICATE (the "Tax Regulatory Agreement") is made and dated as of 23rd day of December, 2008, between THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER, WEST VIRGINIA (hereinafter referred to as the "Issuer"), and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Commission" or the "Escrow Trustee").

WITNESSETH:

WHEREAS, the Issuer is issuing its Public School Refunding Bonds, Series 2008 (the "Bonds") to current refund its Public School Refunding Bonds, Series 1997:

WHEREAS, this Tax Regulatory Agreement is being executed by the parties hereto to ensure compliance by the Issuer with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder; and

WHEREAS, compliance with the representations, certifications, covenants and agreements set forth in this Agreement is necessary to ensure that interest on the Bonds will be and remain excludable from gross income under the Code;

NOW, THEREFORE, the parties agree as follows:

ARTICLE I  
DEFINITIONS, INTERPRETATION AND RELIANCE

Section 1.1 Definitions. All capitalized words and phrases used in this Agreement shall have the meanings ascribed thereto herein. In the event that any capitalized word or phrase used in this Tax Regulatory Agreement is not defined in this Agreement, such word or phrase shall have the meaning ascribed thereto in the resolution and order adopted by the Issuer on December 4, 2008, (the "Resolution"). For purposes of this Agreement, the following words and phrases shall have the meanings set forth below:

"Act" means Chapter 13, Article 2, of the Code of West Virginia, 1931, as amended.

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

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

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

- (i) the earnings on the fund for the immediately preceding bond year; or
- (ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

“Bond Counsel” means the law firm or firms with expertise in public finance delivering their approving opinions with respect to the issuance of or the exclusion from federal income taxation of interest on the Bonds.

“Bonds” means the Issuer’s Public School Refunding Bonds, Series 2008 in the aggregate principal amount of \$2,655,000.

“Bond Year” means the one-year periods during the term of the Bonds beginning on the first day of July of any calendar year and ending on the last day of June of any calendar year. The first Bond Year begins on the Date of Issue of the Bonds and ends on June 30, 2009.

“Bond Yield” or “Yield on the Bonds” means yield on the bonds as an annual percentage determined in accordance with section 1.148-4 of the Regulations based on semiannual compounding intervals.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means all costs incurred in connection with the borrowing. Examples of costs of issuance include (but are not limited to):

- (a) underwriters spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);
- (b) counsel fees (including Bond Counsel, underwriters counsel, Issuer’s counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);
- (c) financial advisor fees incurred in connection with the issuance of the Bonds;
- (d) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Bonds;
- (e) accountant fees related to issuance of the Bonds;
- (f) printing costs (for the Bonds and of preliminary and final offering materials); and

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

“Date of Issue” means December 23, 2008.

“Debt Service Account” means the fund that is described in Section 3.2 hereof.

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

“Escrow Agreement” means the Escrow Deposit Agreement among the Issuer and the Escrow Agent dated as of December 23, 2008.

“Escrow Fund” means The Board of Education of the County of Greenbrier, Series 2008 Fund Escrow Deposit held by the Escrow Agent under the Escrow Agreement.

“Fair Market Value” of an Investment means as follows:

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

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

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

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

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

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

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

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

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

“Final Computation Date” means the day on which the last of the Bonds is discharged.

“Future Value” means the amount determined by using the following formula:

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

where “i” equals the Yield on an issue of obligations divided by the number of compounding periods in a Bond Year and “n” equals the sum of (1) the number of whole compounding intervals for the period ending on the date as of which Future Value is being determined and (2) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

“Gross Proceeds” means Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

“Installment Computation Date” means the last day of the fourth Bond Year.

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

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

“IRS” means the Internal Revenue Service.

“Issue Price” means the initial offering price to the public at which price a substantial amount of the Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term “the public” does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

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

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

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

“Present Value” means the amount determined by using the following formula:

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

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

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

“Prior Bonds” means the Issuer’s Public School Refunding Bonds, Series 1997, in the original principal amount of \$8,000,000, issued on March 1, 1997.

“Proceeds” means Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 148(g) of the Code or to qualified administrative cost recoverable under section 1.1485(e).

“Rebate Account” means the account created by that name by the Issuer.

“Rebate Amount” means, in respect of the Bonds, the amount determined pursuant to the Code and Regulations in accordance with section 3.4 hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

“Rebate Analyst” means the entity or person chosen by the Issuer in accordance with Section 3.7 hereof to determine the Rebate Amounts.

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

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

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

“Replacement Proceeds” means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. The governmental purpose of a bond issue includes the expected use of amounts for the payment of debt service on a particular date. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue, the issuer, or any related party to the issuer, including:

(A) A debt service fund, redemption fund, reserve fund, replacement fund, or any similar fund, to the extent reasonably expected to be used directly or indirectly to pay principal or interest on the issue;

(B) Any amount that is directly or indirectly pledged to pay principal or interest on the issue. A pledge can take any form if the substance of the arrangement is that there is a reasonable assurance that the amount will be available to pay principal or interest on the Bonds, even if the Issuer encounters financial difficulties. A pledge to a guarantor is, for this purpose, an indirect pledge to secure payment of principal and interest on the Bonds;

(C) Any amount held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the bondholder or a guarantor of the Bonds; except if the Issuer or a related person retains the ability to grant rights in the amount that are superior to the rights of a bondholder or the guarantor or the amount does not exceed reasonable needs for which it is maintained, the required level is tested no more frequently than every six (6) months and the amount may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date;

(D) Other amounts which arise to the extent the issuer reasonably expects as of the issue date that the term of the Bonds will be longer than reasonably necessary for the governmental purpose of the issue, and there will be available amounts during the period that the issue remains outstanding longer than necessary; and

(E) Amounts equal to funds deposited to a working capital reserve to the extent such reserve is financed, directly or indirectly, with the proceeds of the issue, unless all of the proceeds of the Bonds are spent no later than six (6) months after the date of issue.

“Resolution” means the Resolution and Order authorizing the issuance of the Bonds, adopted by the Issuer on December 4, 2008.

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

“State” means the State of West Virginia.

“Surplus Account” means the account held by the Commission and funded with tax receipts not currently required for debt service on the Bonds.

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

“Tax Regulatory Agreement” means this Tax Regulatory Agreement and Non-Arbitrage Certificate dated as of December 23, 2008, between the Issuer and the Commission.

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

“Transferred Proceeds of the Bonds” means Proceeds of the Prior Bonds that have ceased to be allocated to the Prior Bonds and are treated as Transferred Proceeds of the Bonds.

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

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

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

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

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

“Value of an Investment” means the value of an investment determined under section 1.148.5(d) of the Regulations Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

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

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

Section 1.2 Interpretation. In this Tax Regulatory Agreement:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Tax Regulatory Agreement, refer to this Tax Regulatory Agreement, the term “hereafter” means after the date of this Tax Regulatory Agreement, and the term “heretofore” means before the date of this Tax Regulatory Agreement.

(b) Unless the context requires otherwise, words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Tax Regulatory Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Tax Regulatory Agreement, nor shall they affect its meaning, construction or effect.

(e) All certifications, documents and instructions required to be given or made by any person or party hereunder shall be made in writing.

(f) This Tax Regulatory Agreement shall be governed by and construed in accordance with the applicable laws of the State.

(g) If any provision of this Tax Regulatory Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

Section 1.3 Reliance on Information Provided by the Issuer. Bond Counsel and the Commission shall be permitted to rely, after due inquiry, upon the contents of any certification, document or instructions provided by the Issuer pursuant to this Tax Regulatory Agreement and shall not be responsible or liable in any way for the accuracy of their contents or the failure of the Issuer to deliver any required information.

## ARTICLE II SOURCE AND USE OF PROCEEDS AND CERTAIN REPRESENTATIONS

Section 2.1 Purpose of Issue and Use of Proceeds. The Issuer represents that the Bonds are being issued to current refund the Prior Bonds and that the Proceeds of the Bonds will be used to make payments of principal and interest on the Prior Bonds. The Issuer represents that the Prior Bonds were issued and used for the purpose of acquiring, constructing, erecting, enlarging, extending, reconstructing and improving certain educational facilities in the Greenbrier County School District, and the Proceeds of the Prior Bonds were applied for such purposes.

The Issuer further represents that none of the proceeds of the Prior Bonds, nor any other funds of the Issuer, have been or will be used in a manner which would result in the Prior Bonds being treated as “private activity bonds” within the meaning of the Code.

Section 2.2 Source and Use of Bond Proceeds and Other Funds. (a) Sale Proceeds. The Sale Proceeds of the Bonds are \$2,615,175 (face amount of \$2,655,000 minus Underwriter’s Discount of \$39,825.00) The Sale Proceeds of the Bonds and \$400,000 (\$55,892.66 from the General Obligations Account and \$344,107.34 the Surplus Account at the Commission) will be deposited into certain Funds and Accounts established and maintained pursuant to the Resolution and Escrow Agreement and will be used as follows:

- (i) To the Escrow Fund \$2,958,162.50. The Escrow Fund is being used to defease the Prior Bonds and amounts on deposit in the Escrow Fund will be used to make principal and interest payment on the Prior Bonds on February 1, 2009; and
- (ii) To the Interest Account of the Debt Service Fund \$0
- (iii) To the COI Account \$57,012.50

(b) Other Funds. The sum of \$400,000 representing funds held in the General Obligations Account Surplus Collection Account for the Prior Bonds shall be deposited into the Escrow Fund contemporaneously with the deposit of Sale Proceeds of the Bonds into such Fund, as set out above.

See Exhibit A hereto for a complete Source and Use of Funds Statement.

Section 2.3 Representations as to Redemption of Prior Bonds. The Issuer represents that the Prior Bonds will be redeemed on February 1, 2009.

Section 2.4 Federal Guarantee. The issuer represents that the Bonds are not and shall not become directly or indirectly “federally guaranteed” within the meaning of section 149(b) of the Code. Unless otherwise provided by the Code, the Bonds will be considered “federally guaranteed” if (i) the payment of principal and interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) 5% or more of the proceeds of the Bonds is (A) to be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency instrumentality thereof) or (B) to be invested (directly or indirectly) in federally insured deposits or accounts, or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). For purposes of determining whether the Bonds are federally guaranteed, a guarantee by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Insurance Company, the Government National Mortgage Association or the Resolution Funding Corporation shall not be considered a “federal guarantee”.

Section 2.5 Representations by the Issuer for Purposes of Form 8038-G. Section 149(e) of the Code requires as a condition to qualification for exclusion of interest on the Bonds for federal income tax purposes that the Issuer provide to the Secretary of the Treasury certain information with respect to the Bonds and the application of the proceeds derived therefrom. The Issuer represents that the Bonds have been designated “qualified tax exempt obligations” for purposes of the Code. Accordingly, the Issuer hereby agrees to file, in a timely fashion, Internal Revenue Service Form 8038-G with the Internal Revenue Service Center, Ogden, Utah 84201, containing the required information, which the Issuer hereby represents will be accurate and complete and will reflect the information set forth on Exhibit B hereto

Section 2.6 Hedge Bonds. The Issuer represents and certifies:

(a) 85% of the “spendable proceeds” of the Prior Bonds were used to carry out the governmental purposes of the Prior Bonds within three (3) years of the time the Prior Bonds were issued; and

(b) Not more than 50% of the proceeds of the Prior Bonds were invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four (4) years or more.

Section 2.7 Bonds Registered. The Issuer represents that the Bonds are registered within the meaning of Section 149(a) of the Code.

Section 2.8 Released Funds. As a result of the refunding affected by the Bonds, certain funds on deposit in the surplus collections accounts for the Prior Bonds will be released to the Issuer. The Issuer intends to use such funds for the prepayment of the Prior Bonds in order to reduce the amount of the final year's bond levy.

### ARTICLE III ARBITRAGE

Section 3.1 Arbitrage Compliance. (a) The Issuer acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 3.3 below.

(b) The Issuer hereby authorizes the Commission to take all actions necessary to comply with the rebate requirements. The Issuer further covenants that it shall not permit at any time or times any of the Gross Proceeds of the Bonds or other funds of the Issuer to be used directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code; and further agrees herein that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met.

Section 3.2 Certain Yield Restrictions. The Resolution requires that taxes be levied in an amount sufficient to pay principal and interest on the Bonds as they come due. The tax levies are collected by the Sheriff, transferred to the Issuer, and remitted to and held by the Commission in a fund or account established for such purpose (the "Debt Service Account"). To the extent that such tax levies are not currently required for debt service, they will subsequently be transferred from the Debt Service Account to the Surplus Account, and will be available, if needed, to pay principal of and interest on the Bonds. The Issuer and the Commission hereby represent and agree as follows with respect to the Debt Service Account, the Escrow Fund, the Surplus Account and the Rebate Account:

(a) (i) All moneys held in the Debt Service Account will be used to pay debt service on the Bonds.

(ii) Any Sale Proceeds of the Bonds deposited in the Debt Service Account will constitute pre-issuance accrued interest on the Bonds and will be applied to pay principal and interest on the Bonds on May 1, 2009, and may be invested without restriction as to Yield.

(iii) All amounts deposited into the Debt Service Account (other than Sale Proceeds of the Bonds that constitute accrued interest on the Bonds) will constitute Replacement Proceeds to the extent that those funds are allocable to the Bonds under section 1.148-6 of the Regulations and will not be invested at a Yield that exceeds the Yield on the Bonds unless such moneys, or a part of such moneys, qualify as a Bona Fide Debt Service Fund.

(b) Moneys held in the Rebate Account will be used to pay arbitrage rebate within the meaning of Section 148(f) of the Code. Moneys in the Rebate Account may be invested without restriction as to Yield.

(c) Moneys held in the Escrow Fund shall not be invested and shall be used on February 1, 2009 to call the Prior Bonds at a price of 101%.

(d) Moneys deposited in the Surplus Account will not be invested at a yield in excess of the Yield on the Bonds

Section 3.3 Creation of Rebate Account. (a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess.

(b) (i) The Issuer agrees to create the Rebate Account in a depository to be held separate and apart from all other funds of the Issuer.

(ii) On or before 45 days after each Computation Date, the Issuer shall deposit in the Rebate Account, an amount such that the balance held in the Rebate Account equals the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. The moneys so deposited shall be derived from the Issuer's own funds.

Section 3.4 Calculation of Rebate Amount. To meet the rebate requirement of Section 148(f) of the Code, the Issuer agrees, covenants, or elects, whichever is applicable, as follows:

(a) For each investment of (i) amounts held in the Debt Service Account, (ii) amounts held in the Rebate Account, (iii) Transferred Proceeds of the Bonds, and (iv) any other moneys.

held by the Issuer that are Gross Proceeds, the Issuer shall record, or cause to be recorded, the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(b) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (c) below, the Rebate Analyst described in Section 3.7 hereof shall compute the Yield on the Bonds as required by the Code and Regulations. If the Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek advice of Bond Counsel or other rebate expert to recompute the Yield on the Bonds as required by the Regulations.

(c) For each Computation Date, the Rebate Analyst described in Section 3.7 hereof shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (a) above that are allocable to Gross Proceeds of the Bonds. In addition, where Nonpurpose Investments are retained by the Commission after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

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

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

(f) For each Computation Date, the Rebate Analyst shall calculate the Rebate Amount (computed from the Issue Date of the Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Bonds, taking into account any computation credit allowed thereunder. In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed \$100,000 in any Bond year shall not be taken into account. In determining the Rebate Amount, the Rebate Analyst shall account for the amounts determined under paragraphs (c), (d), and (e) above.

Section 3.5 Payment to United States. (a) Installment Computation Dates. Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date).

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

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201. Each Payment shall be accompanied by (i) a copy of IRS Form 8038-T.

(d) Rebate on Prior Bonds. The Issuer acknowledges that the non-inclusion in gross income of interest on the Bonds depends upon compliance with the tax requirements, (including the rebate requirements, if any) that apply to the Prior Bonds. The Issuer will compute the required rebate amount for the Prior Bonds in accordance with the provisions of the Code and Regulations that are applicable to the Prior Bonds, and will pay the rebate amount with respect to the Prior Bonds to the United States on a timely basis.

Section 3.6 Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(a) The Issuer shall record all amounts paid to the United States pursuant to Section 3.5 hereof.

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

(c) The Issuer shall keep and record the data described in Section 3.4(a) hereof pertaining to the investment of the proceeds of the Bonds until six years after the Final Computation Date.

Section 3.7 Rebate Analyst. (a) The Issuer shall appoint a Rebate Analyst to perform the rebate calculations, as required herein. The Rebate Analyst and each successor Rebate Analyst shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Commission under which such Rebate Analyst will agree to discharge its duties pursuant to this Tax Regulatory Agreement in a manner consistent with prudent industry practice.

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

Section 3.8 Terms of the Bonds and Calculation of Yield. (a) The date, maturities, price, denomination, and rates of interest of the Bonds are as shown in the Resolution.

(b) The initial offering-price of the Bonds is as set forth in the Resolution. Based on past financing practices, the Issuer believes that such price is reasonable under customary standards applicable in the established tax exempt market.

(c) Based upon the statements provided by Raymond James & Associates, Inc., the yield on the Bonds is 3.5017%.

Section 3.9 Representations as to Investments. The Issuer represents and covenants that it has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

Section 3.10 Other Representations. In addition to the other representations in this Tax Regulatory Agreement, the Issuer represents, covenants, agrees and certifies as follows:

(a) On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not

be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

(b) The Issuer recognizes that amounts deposited in the Escrow Fund that were part of the Debt Service Account for the Prior Bonds must be allocated among expenditures from the Escrow Fund in accordance with section 1.148-9(c)(2) of the Regulations, and that under those Regulations those amounts will be allocated to the first expenditures from the Escrow Fund.

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

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

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

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

(g) Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

- (i) the payment of principal of and, interest on the Prior Bonds;
- (ii) the payment of the Cost of Issuance of the Bonds;
- (iii) the payment of administrative costs allocable to repaying the Prior Bonds, or carrying and repaying the Bonds;

(h) transferred proceeds allocable to expenditures for governmental purpose of the Prior Bonds;

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

(j) qualified guarantee fees (within the meaning of the Regulations) for the Bonds or the Prior Bonds will not exceed 1% of the Sale Proceeds from the Bonds.

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

(C) The Issuer certifies that it has not been notified of the listing or proposed listing of the Issuer by the IRS as an issuer that may not certify its bonds.

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

Section 3.11 Non-Arbitrage Certification. (A) The representations and covenants set forth in this Tax Regulatory Agreement are made for the purpose of establishing the Issuer’s reasonable expectations as of the Issue Date as to the amount and use of the proceeds of the Bonds.

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

#### ARTICLE IV TERM OF TAX REGULATORY AGREEMENT

This Tax Regulatory Agreement shall be effective from the date of issuance of the Bonds through the date that is six (6) years after the last Bond is Discharged pursuant to the terms of the Resolution.

#### ARTICLE V AMENDMENTS

Notwithstanding any other provision hereof, any provision of this Tax Regulatory Agreement may be deleted or modified at any time at the option of the Issuer if the Issuer has provided an opinion of Bond Counsel satisfactory to the Commission that such deletion or

modification will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.

ARTICLE VI  
EVENTS OF DEFAULT, REMEDIES, COUNTERPARTS

Section 6.1 Events of Default. If the Issuer fails to perform any of its required duties or obligations under any provision hereof, such event shall constitute an Event of Default under this Tax Regulatory Agreement and under the Resolution.

Section 6.2 Remedies for an Event of Default. Upon an occurrence of an Event of Default under Article 6.1 hereof; the Commission may, in its discretion, proceed to protect and enforce the rights of the owners of the Bonds by pursuing any available remedy, including, but not limited to, a suit at law or in equity.

Section 6.3 Counterparts. This document may be executed in several counterparts each of which shall be deemed to be an original thereof.

IN WITNESS WHEREOF, the Issuer and the Commission have caused this Tax Regulatory Agreement to be executed in their respective names and by their proper officers "hereunto duly authorized, all as of the day and year first written above.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

By: Kathy L King  
President

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By: [Signature]  
Executive Director

**EXHIBIT A**  
**Sources and Uses of Funds**

Sources and Uses of Funds

Sources

Proceeds of the Bonds	\$2,655,000.00
Amounts Transferred from Bond Commission (Debt Service Account)	<u>\$400,000.00</u>
<b>TOTAL</b>	<u><b>\$3,055,000.00</b></u>

Sources

Deposit to Escrow Account <sup>1</sup>	\$2,958,162.50
Underwriter's Discount	\$39,825.00
Cost of Issuance <sup>2</sup>	<u>\$57,012.50</u>
<b>TOTAL</b>	<u><b>\$3,055,000.00</b></u>

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<sup>1</sup> The Amount set forth in the Escrow Agreement as required, together with the income thereon to effect the current refunding of the Series 1997 Bonds.

<sup>2</sup> Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, Registrar and Accountants' Verification Report.

EXHIBIT B

INFORMATION FOR PURPOSES OF FORM 8038-G

(a) Issuer's employee identification number	55-6000321
(b) Number of 8038-G reports previously filed by the Issuer this calendar year	None
(c) Issue price of the Bonds	\$ 12,655,000.00
(d) Proceeds used for Accrued Interest	-0-
(e) Costs of Issuance (including Underwriter's Discount)	\$96,837.50
(f) Reasonably required Reserve Fund deposits	-0-
(g) Proceeds used for Credit Enhancement	-0-
(h) Proceeds used to refund prior issues	\$2,588,162.50
(i) Nonrefunding Proceeds	-0-
(j) Remaining weighted maturity of refunded bond	1.9307 yrs
(k) Last date on which refunded bonds will be called	February 1, 2009
(l) Date on which refunded bonds were issued	March 1, 1997
(m) Amount of Bonds designated by Issuer under §265(b)(3)(B)(i)(III)	\$2,655,000
(n) Weighted average maturity on Bonds	1.9130 yrs
(o) Yield	3.5017%
(p) Net interest cost	3.5000%
(q) Issue price of final maturity	100%



**[RESERVED]**





WEST VIRGINIA  
MUNICIPAL BOND COMMISSION

CHRIS G. MORRIS  
State Tax Commissioner  
Chair

JOHN D. PERDUE  
State Treasurer

GLEN B. GAINER III  
State Auditor

Suite 401  
1207 Quarrier Street  
Charleston, West Virginia 25301  
(304) 558-3971  
FAX (304) 558-1280

LARRY CHAPMAN  
Member

JOHN ROACH  
Member

SARA L. BOARDMAN  
Executive Director

\$2,655,000 THE BOARD OF EDUCATION OF  
THE COUNTY OF GREENBRIER (WEST VIRGINIA)  
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

CERTIFICATE OF THE CHAIRMAN OF THE WV MUNICIPAL BOND COMMISSION

I, the undersigned, Christopher G Morris, hereby certify as follows:

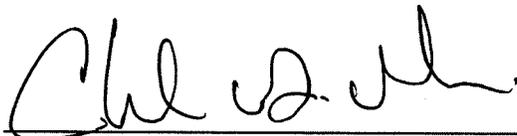
1. I am the duly appointed Tax Commissioner, and ex officio the Chairman of the West Virginia Municipal Bond Commission.
2. This certificate is delivered in response to a letter request, dated December 16, 2008, from The Greenbrier County Board of Education, West Virginia, and pursuant to Chapter 13, Article 2, Section 1, of the Code of West Virginia, 1931, as amended.
3. According to the information provided to the Commission, on or about December 23, 2008, the Greenbrier County Board of Education will issue its Series 2008 Public School Refunding Bonds, dated December 23, 2008, in the principal amount of \$2,655,000, with an interest rate of 3.50%. This issue will refund its Series 1997 Public School Bonds, dated March 1, 1997, with remaining principal outstanding of \$ 2,895,000 and interest rates of 4.0 to 5.0%.

4. The amount of taxes expected to be available in each year for the purpose of paying debt service on the Series 2008 Refunding Bonds, and the projected debt service of those bonds are as follows:

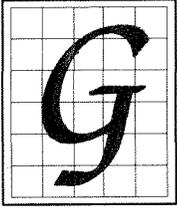
<u>Tax Year Beginning July 1</u>	<u>Taxes Available</u>	<u>Projected Debt Service</u>
2009	823,493	716,225.00
2010	823,493	728,650.00
2011	823,493	<u>734,850.00</u>
		\$ 2,179,725.00

5. The debt service \$ 653,040.00 for May 1, 2009 is being funded with tax collections from the Series 1997 Bonds already received and on deposit at the Commission. The total debt service on the Series 2008 Refunding Bonds will be \$2,832,765.00 or \$334,960.00 less than the remaining debt service on the Series 1997 Bonds. The debt service due each year on the Series 2008 Refunding Bonds does not exceed the taxes expected to be available for the payment of the same, and the total debt service does not exceed the total remaining authorized levy of \$ 2,655,145.67.

WITNESS my signature this 22 day of December 2008.



\_\_\_\_\_  
State Tax Commissioner and ex officio,  
Chairman, WV Municipal Bond Commission



# *Greenbrier County Schools*

---

*John D. Curry, Superintendent*

December 16, 2008

Christopher Morris, Chairman  
West Virginia Municipal Bond Commission  
1207 Quarrier Street, Suite 401  
Charleston, WV 25301

**Re: \$2,655,000 The Board of Education of the County  
of Greenbrier Public School Refunding Bonds,  
Series 2008**

Dear Mr. Morris:

As evidenced by and in accordance with the attached Resolution and Order (the "Resolution"), The Board of Education of the County of Greenbrier (the "Board") intends to issue the above-referenced bonds (the "Refunding Bonds") for the purpose of current refunding the Board's Public School Bonds, Series 1997, dated March 1, 1997 (the "Prior Bonds"). In accordance with Section 1, Article 2, Chapter 13, of the West Virginia Code of 1931, as amended (the "Refunding Act"), the Board hereby requests that you certify the amount of taxes expected to be available in each year for the payment of debt service on the Refunding Bonds. In accordance with the Refunding Act, the amount of taxes expected to be available in each year shall be based upon the rates of levy stipulated in the order (the "Order") directing the election at which the issuance of the Prior Bonds was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election.

The average rates of levy, throughout the life of the Prior Bonds, stipulated in the Order, for each \$100 valuation, were as follows:

Upon Class I property, approximately	4.68 cents
Upon Class II property, approximately	9.36 cents
Upon Class III property, approximately	18.72 cents
Upon Class IV property, approximately	18.72 cents

The assessed valuation of the affected property contained in the Order was as follows:

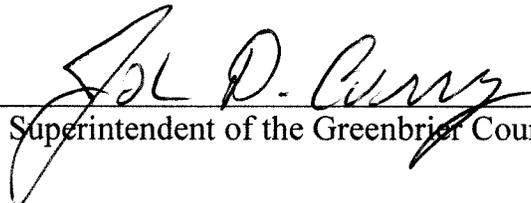
Class I	\$49,688,084
Class II	251,957,218
Class III	299,921,354
Class IV	<u>140,092,143</u>
 TOTAL	 <u>\$741,658,799</u>

The Prior Bonds will be paid with the proceeds of the Refunding Bonds and other available moneys; thus, after the refunding there will be no Prior Bonds issued and outstanding but not refunded. Further, other than the Refunding Bonds, the Board has its Public School Bonds, Series 2002 outstanding in the principal amount of \$5,480,000. The estimated debt service requirements on the Refunding Bonds are set forth in Schedule A, attached hereto.

Respectfully yours,

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

By: \_\_\_\_\_

  
Superintendent of the Greenbrier County Schools

cc: Edward D. McDevitt, Esq.  
Samme L. Gee, Esq.  
S. Ryan White, Esq.

SCHEDULE A

THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER

\$2,655,000

Public School Refunding Bonds, Series 2008

<u>Date</u>	<u>Annual Principal Payments</u>	<u>Coupon</u>	<u>Semiannual Interest Payments</u>	<u>Semiannual Debt Service</u>	<u>Annual Debt Service</u>
05/01/2009	\$620,000	3.500%	\$33,040.00	\$653,040.00	\$653,040
11/01/2009			35,612.50	35,612.50	
05/01/2010	645,000	3.500%	35,612.50	680,612.50	716,225
11/01/2010			24,325.00	24,325.00	
05/01/2011	680,000	3.500%	24,325.00	704,325.00	728,650
11/01/2011			12,425.00	12,425.00	
05/01/2012	710,000	3.500%	12,425.00	722,425.00	734,850
TOTALS	\$2,655,000		\$177,765.00	\$2,832,765.00	\$2,832,765



\$2,655,000

THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
(WEST VIRGINIA)  
Public School Refunding Bonds, Series 2008

CERTIFICATE OF UNDERWRITER

The undersigned, Marie L. Prezioso, Director and Manager of West Virginia Public Finance (the "Underwriter"), as underwriter of the Bonds identified above (the "Bonds"), hereby certifies that:

1. All of the Bonds were offered to the general public in a bona fide public offering at prices (the "Initial Offering Prices") that were not greater than and yields no lower than, those shown on the inside cover page of the Official Statement dated December 16, 2008, relating to the Bonds (the "Official Statement"). The fair market value of the Bonds is not in excess of the Initial Offering Prices. There is no pre-issuance accrued interest on the Bonds. A substantial amount of the Bonds (in excess of 10%) was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the Initial Offering Prices not greater than, and yields no lower than, the respective prices and yields shown on the inside cover of the Official Statement. The Issue Price of the Bonds is \$2,655,000.

2. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Bonds:

- (A) The Issue Price of the Bonds is \$2,655,000.
- (B) The weighted average maturity of the Bonds is 1.9130 years.
- (C) The yield on the Bonds is 3.5017%.
- (D) The CUSIP Number assigned to the final maturity of the Bonds is 393658 CJ6.

3. The Underwriter's discount is \$39,825.00, which will be withheld by the Underwriter from the purchase price otherwise paid to the Issuer as compensation for its services in selling the Bonds to the public.

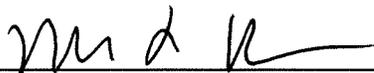
4. No bond of an issue that is subject to mandatory early redemption has stated redemption price that exceeds the Initial Offering Price of such bond.

5. None of the Bonds bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the respective meanings set forth in the Tax Regulatory Agreement and Non-Arbitrage Certificate.

The signer is an officer of the Underwriter and is duly authorized to execute and deliver this Certificate of the Underwriter. The Underwriter understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of their representations in the Tax Regulatory Agreement and Non-Arbitrage Certificate and in completing and filing the Information Return for the Bonds, and by Bowles Rice McDavid Graff & Love LLP, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Bonds.

Dated: December 23, 2008

By:  \_\_\_\_\_  
Its: Director and Manager of  
West Virginia Public Finance



\$2,655,000  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
(WEST VIRGINIA)  
Public School Refunding Bonds, Series 2008

CERTIFICATE OF REGISTRAR

The undersigned KATHY SMITH, Vice President and Trust Officer, of United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution and Order Providing for and Authorizing the Current Refunding of the Series 1997 Bonds of the Board of Education of the County of Greenbrier (West Virginia) (the "Issuer") adopted December 4, 2008.

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

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

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

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

Name

Title

Signature

Kathy Smith

Vice President & Trust Officer

  
\_\_\_\_\_

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

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

IN WITNESS WHEREOF, United Bank, Inc., has caused this Certificate to be executed by a duly authorized officer, this 23<sup>rd</sup> day of December, 2008.

UNITED BANK, INC.

By: Howard J. Beckman *cd*  
Its: Vice President and Trust Officer



\$2,655,000  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
(WEST VIRGINIA)  
Public School Refunding Bonds, Series 2008

CERTIFICATE OF PAYING AGENT

The undersigned SARA BOARDMAN, Executive Director of the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Bond Commission"), hereby certifies as follows:

1. I am the duly appointed Executive Director of the Bond Commission
2. The Bond Commission has duly authorized, by all necessary action, the acceptance of all duties of the Paying Agent for the above-captioned Bonds (the "Bonds") under the Resolution and Order pursuant to which they were issued, dated December 4, 2008.

WITNESS my signature this 23<sup>rd</sup> day of December, 2008.

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By:   
Its: Executive Director



**RULE 15c2-12 CERTIFICATE  
OF THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER**

The undersigned hereby certify and represent to Raymond James & Associates, Inc. (the "Underwriter"), that they are the duly appointed and acting officers of The board of Education of the County of Greenbrier (the "Board"), authorized to execute and deliver this Certificate and further certify on behalf of the Board to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 2008 (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds and the Board (the "Preliminary Official Statement").

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

(4) The information with respect to the Board included in the Preliminary Official Statement is final within the meaning of the Rule, except for Permitted Omissions, and is accurate and complete in all material respects except for Permitted Omissions.

(5) If, at any time prior to the execution of the final Bond Purchase Agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Board shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement the Board expects to make for the benefit of the Bondholders in the Ordinance, as defined by the Preliminary Official Statement, by which the Board will undertake to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, we have hereunto set our hands as of this 15th day of December, 2008.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

By: Kathy L King  
Its: President





# *Greenbrier County Schools*

---

*John D. Curry, Superintendent*

December 17, 2008

Sara Boardman, Executive Director  
The West Virginia Municipal Bond Commission  
1207 Quarrier Street, Suite 401  
Charleston, West Virginia 25301

**Re: \$2,655,000 The Board of Education of Greenbrier County,  
West Virginia Public School Refunding Bonds, Series 2008**

Dear Ms. Boardman:

The Board of Education of Greenbrier County at a special meeting on Thursday, December 4, 2008, has decided to undertake the necessary steps to refund its Public School Bonds, Series 2008.

The Board plans to close the transaction on Tuesday, December 23, 2008. Please make provisions to release the surplus amounts as previously discussed with the Board's investment banker, Marie Prezioso at Raymond James & Associates.

Sincerely,

John Curry, Superintendent  
Greenbrier County Schools



\$2,655,000

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

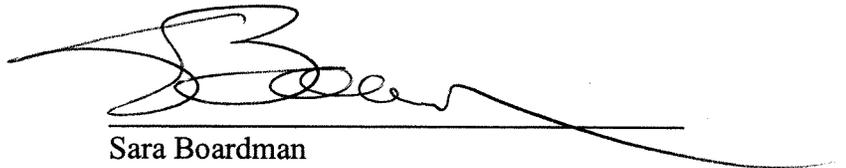
Public School Refunding Bonds, Series 2008

PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

The undersigned SARA BOARDMAN, Executive Director of the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Bond Commission"), hereby certifies as follows:

1. I am the duly appointed Executive Director of the Bond Commission
2. As Executive Director, I am duly authorized to execute and deliver on behalf of the Bond Commission the Escrow Agreement dated December 23, 2008, between The Board of Education of the County of Greenbrier (West Virginia) (the "Issuer") and the Bond Commission (the "Escrow Agreement").
3. By such execution and delivery of the Escrow Agreement, the Bond Commission evidenced its acceptance of, and hereby accepts the duties of Escrow Agent as set forth in the Escrow Agreement and as required by Chapter 13, Article 2 of the West Virginia Code of 1931, as amended.
4. Pursuant to the Escrow Agreement, as of this day there is on deposit in the Escrow Fund established to the Escrow Agreement, cash in the amount of \$2,958,162.50, which will remain uninvested in the Escrow Fund to pay, when due, the principal of and interest on the Issuer's Public School Bonds, Series 1997, all as set forth in the Escrow Agreement.

WITNESS my signature this 23<sup>rd</sup> day of December, 2008.



Sara Boardman  
Executive Director  
West Virginia Municipal Bond Commission



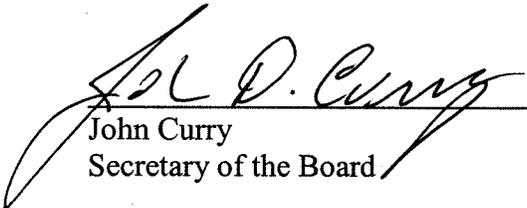
NOTICE OF DEFEASANCE

\$8,000,000 THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (WEST VIRGINIA) PUBLIC SCHOOL BONDS, SERIES 1998

TO ALL HOLDERS OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that all the above-captioned Public School Bonds issued by The Board of Education of the County of Greenbrier, West Virginia, on behalf of the Greenbrier County School District, outstanding on the date hereof in the aggregate principal amount of \$2,895,000, have been refunded and are deemed to have been paid in accordance with the provisions of Chapter 13, Article 2, of the Code of West Virginia, 1931, as amended, and the lien on the ad valorem property taxes in said School District on behalf of such Bonds has been defeased. Sufficient cash has been transferred and is irrevocably credited to the West Virginia Municipal Bond Commission, as fiduciary, to pay the principal of and interest on such Bonds on February 1, 2009.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

  
John Curry  
Secretary of the Board

Date: December 23, 2008



**ESCROW AGREEMENT**

This ESCROW AGREEMENT, made and entered into as of December 23, 2008, by and between THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (WEST VIRGINIA) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent (the "Commission" or the "Escrow Agent").

**WITNESSETH THAT:**

WHEREAS, on March 1, 1997, the Issuer issued its Public School Bonds, Series 1997, in the original aggregate principal amount of \$8,000,000, of which \$2,895,000 is presently outstanding (the "Prior Bonds");

WHEREAS, the Issuer has determined to issue its Public School Refunding Bonds, Series 2008 (the "Refunding Bonds"), pursuant to an Order adopted and entered on December 4, 2008 (the "Order"), and contemporaneously therewith, legally defease the Prior Bonds by applying proceeds of the Refunding Bonds, together with certain moneys currently on deposit with the Escrow Agent from tax levies imposed in connection with the Prior Bonds ("Issuer's Funds"), in the Escrow Fund herein described;

WHEREAS, the Commission, as Escrow Agent, will cause \$2,958,162.50 in cash to be deposited from such Refunding Bonds proceeds (\$2,558,162.50) and other funds on deposit at the Commission (\$55,892.66 from the General Obligation Account and \$344,107.34 from the Surplus Account) (the "Cash"), in escrow as described in the Verification Report, dated December 23, 2008, of Smith Cochran & Hicks, Certified Public Accountants, Charleston, West Virginia, a firm of independent certified public accountants, attached hereto as EXHIBIT A - VERIFICATION REPORT (the "Verification Report");

WHEREAS, the cash amount in the Escrow Fund, in such amount as to insure the payment, on February 1, 2009, of the remaining principal of and interest on the Prior Bonds;

WHEREAS, the Issuer has found it desirable to appoint the Commission as Escrow Agent and the Commission has agreed to such appointment for the purposes of holding title, as agent for the Issuer, to the "Cash", disbursing to the paying agent for the Prior Bonds, on February 1, 2009, the amount necessary to pay the principal of and interest on the Prior Bonds; and

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Resolution;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Prior Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent, to be maintained in a separate and discrete deposit account, an irrevocable trust fund to be known as the Escrow Fund, to be held in the custody of the Escrow Agent, separate and apart from all other funds of the Issuer and the Escrow Agent. The deposit of the Cash in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust for, and such moneys, which Cash shall not be invested, shall be applied, except as otherwise provided herein, solely to the payment of the principal of and interest on the Prior Bonds, all in accordance with paragraph 4 hereof.

2. Creation of Special Surplus Account. In addition to the Escrow Fund, there is hereby created and established with the Commission a special account separate and apart from the Escrow Fund, hereby designated the "Special Surplus Account."

3. Deposits to Escrow Fund. Concurrently with the delivery of the Refunding Bonds, the Issuer and the Escrow Agent shall cause Refunding Bonds proceeds in the amount of \$2,558,162.50, \$55,892.66 from the General Obligation Account and \$344,107.34 from the Surplus Account (total of \$2,958,162.50) to be deposited in the Escrow Fund, and to hold the same, uninvested, in the Escrow Fund. The uninvested Cash in the Escrow Fund, shall be applied solely to the payment, on February 1, 2009, of the principal of and interest on the Prior Bonds. Smith Cochran & Hicks, Certified Public Accountants, has certified, in its Verification Report, attached hereto as EXHIBIT A, that the Cash in the Escrow Fund, will be sufficient to pay, on February 1, 2009, the principal of and interest on the Prior Bonds. The Issuer hereby authorizes and directs the Escrow Agent not to invest the Cash in order that no interest income be derived.

4. Application of Escrow Fund. The Escrow Agent, without further authorization from the Issuer, shall transfer from the Escrow Fund and deposit directly with the paying agent for the Prior Bonds, in immediately available funds on February 1, 2009, the Cash to pay the principal of, interest and premium on the Prior Bonds.

Moneys in the Escrow Fund shall, and the Escrow Agent agrees such moneys will, be used solely for the purpose as above described and the deposit of such moneys into the Escrow Fund shall be irrevocable, and the Escrow Agent agrees it will not surrender or otherwise attempt to redeem or otherwise negotiate the Cash in the Escrow Fund. Subject to the foregoing requirements for the use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Funds therein and that the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the Cash therein.

5. Deposit to Special Surplus Account. Concurrently with the delivery of the Refunding Bonds \$355,533.92 from Surplus Account shall be transferred by the Commission to the Special Surplus Account. On the Closing Date, or as soon thereafter as possible, such amount shall be paid from the Escrow Agent to the Issuer, and used by the Issuer for permitted purposes in the School District.

6. Lien of Prior Bonds. The holders of the Prior Bonds shall have an express lien on all moneys and securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. Termination of This Escrow Agreement. This Escrow Agreement shall terminate when the Prior Bonds have been discharged and canceled in accordance with the provisions hereof. If any Prior Bonds are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Escrow Agreement; funds for the payment of any nonpresented Prior Bonds hereby shall, upon termination of this Escrow Agreement, be held by the Escrow Agent in accordance with the terms hereof. Any money held in the Escrow Fund at termination and not required for the payment of the principal of and interest on any of the Prior Bonds shall be paid or transferred to the Issuer, or to a third party at the Issuer's written direction, pursuant to the terms hereof.

8. Escrow Agent's Fees. The Issuer agrees to pay the Escrow Agent's reasonable and customary administrative fees and to reimburse the Escrow Agent for its reasonable and customary out-of-pocket expenses and reasonable fees of counsel incurred in connection with the discharge by the Escrow Agent of its duties and responsibilities under this Escrow Agreement. The Escrow Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Fund. Under no circumstances shall the Escrow Agent have a lien on the Escrow Fund for any charges, fees or expenses, and under no circumstances shall the Escrow Agent make any claim against the Escrow Fund for any charges, fees or expenses.

9. Beneficiaries of This Escrow Agreement. This Escrow Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Escrow Agent and their respective successors and assigns, subject to the provisions of this Escrow Agreement. In addition, this Escrow Agreement shall constitute a third party beneficiary contract for the benefit of the registered owners of the Prior Bonds. Said third party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if such third party beneficiaries were parties hereto. In the event the Escrow Agent is unwilling or unable to continue to serve as Escrow Agent, a successor Escrow Agent may be appointed by the Issuer which shall be any national banking association or any state bank within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers. Any bank into which such successor Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, unless the Issuer disapproves in writing, be the successor Escrow Agent without the execution of any document or the performance of any further act. In the event the Issuer disapproves of the successor Escrow Agent resulting from any of the events described above, the Issuer shall immediately appoint any state bank or national banking association within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers to be the successor Escrow Agent, whereupon such successor Escrow Agent shall immediately succeed to the respective agreements and covenants hereunder.

10. Insufficient Moneys in the Escrow Fund. The Escrow Agent shall immediately notify the Issuer by registered, first-class mail, postage prepaid, if, for any reason, the funds or accounts created pursuant to this Escrow Agreement will be insufficient to pay the principal of and interest on the Prior Bonds as required by the first paragraph of Section 4 hereof. The Issuer shall promptly remit from legally available funds the amount of such insufficiency to the Escrow Agent.

11. Examination of Records; Obligations and Responsibilities of Escrow Agent.

(a) The Issuer shall have the right, at any time, to examine all of the Escrow Agent's records regarding the status of the funds or accounts created pursuant to this Escrow Agreement, and the redemptions and withdrawals therefrom with respect to the funds or accounts created pursuant to this Escrow Agreement. After the Prior Bonds have been paid in full, the Issuer shall obtain all records and files relating to this Escrow Agreement from the Escrow Agent. The Issuer shall keep all of such records and files available for inspection for six (6) years from such date the Prior Bonds have been paid in full.

(b) The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer of any obligation, or to protect any of the Issuer's rights under any bond resolution or any of said Issuer's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any corporation or individual; and the Escrow Agent shall not be liable for any act done or step taken or omitted by the Escrow Agent or any mistake of fact or law or for anything which the Escrow Agent may do or refrain from doing, except for its negligence or its willful default in the performance of any obligation imposed upon the Escrow Agent hereunder. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Prior Bonds or any proceedings taken in connection therewith, as they are made solely by the Issuer.

12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

13. Successors and Assigns. All of the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

14. Governing Law. This Escrow Agreement shall be governed by the internal laws of the State of West Virginia.

15. Headings. Any headings preceding the text of the several Sections hereof shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

16. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

17. Notices. Unless otherwise required herein, any notices, requests, complaints, demands, communications or other papers shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, telecopy or telex (or telephone to the extent permitted hereunder), addressed to the parties as follows:

The Issuer:                   The Board of Education of the County of  
Greenbrier  
202 Chestnut Street  
Lewisburg, West Virginia 24901  
ATTN: President

The Escrow Agent:       West Virginia Municipal Bond Commission  
812 Quarrier Street, Suite 300  
Charleston, West Virginia 25301  
ATTN: Executive Director

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

By: Kathy L King  
Its: President

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By: [Signature]  
Its: Executive Director

EXHIBIT A - VERIFICATION REPORT

[SEE CLOSING ITEM NO. C-6 AT TAB 18]



**“NOT CONTAINED IN THIS VOLUME”**





**Smith, Cochran & Hicks, P.L.L.C.**

**Certified Public Accountants**

Oak Hill Bridgeport Charleston Montgomery

405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

The Board of Education of the County of Greenbrier  
Lewisburg, West Virginia

Bowles Rice McDavid Graff & Love, LLP  
Charleston, West Virginia

West Virginia Municipal Bond Commission  
Charleston, West Virginia

Raymond James & Associates, Inc.  
Charleston, West Virginia

Jackson Kelly PLLC  
Charleston, West Virginia

**\$2,655,000**

**The Board of Education of the County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

We have been provided certain schedules relating to the issuance of the above captioned bond issue (the "Bonds") prepared on behalf of the Board of Education of the County of Greenbrier, West Virginia (the "Board") by Raymond James & Associates. The Bonds are being issued to provide for the current refunding of the Board's Public School Bonds, Series 1997 issued in the original aggregate principal amount of \$8,000,000 (the "Series 1997 Bonds") of which \$2,895,000 is currently outstanding.

We have performed the procedures described herein, which were agreed to by the Board and the other parties to whom this report is addressed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have been engaged to verify the mathematical accuracy of certain calculations related to the issuance of the Bonds. Those calculations relate to the sufficiency of the proceeds of the Bonds, along with additional funds available to the Board, deposited to an escrow to current refund the Series 1997 Bonds, and the debt service savings to the Board as a result of the refunding transaction.

The procedures we performed consisted of and are limited to verifying the mathematical accuracy of those calculations. Because these procedures do not constitute an audit or an examination of prospective financial information in accordance with standards established by the American Institute of Certified Public Accountants, we do not express an opinion on whether the financial information is presented in conformity with AICPA presentation guidelines or on whether the underlying assumptions provide a reasonable basis for the presentation.

We have verified the mathematical accuracy of the calculations provided to us that reflect: 1) a cash deposit of \$2,958,162.50 will be sufficient to pay on February 1, 2009 the remaining principal of the Series 1997 Bonds at a redemption price of 101% of the principal amount outstanding, plus accrued interest from November 1, 2008 through and including February 1, 2009, and 2) the present value gross debt service savings is not less than \$314,267.11.

The terms of our engagement are such that we have no obligation to update this report because of events occurring, or other information coming to our attention subsequent to the date of this report.

This report is intended solely for the information and use of the parties to which this report is addressed and is not intended to be and should not be used by anyone other than those specified parties.

This report is not to be referred to or quoted without our prior written consent, except that reference thereto may be made in the closing documents and opinions of Counsel relating to this transaction.

Charleston, West Virginia  
December 23, 2008

*Smith, Cochran & Hicks, PLLC*

**\$2,655,000**

**The Board of Education of the County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**Refunded Debt Service and Redemption Requirements**

	<i>principal</i>	<i>rate</i>	<i>interest</i>	<i>total debt service</i>	<i>principal</i>	<i>interest</i>	<i>premium</i>	<i>redemption requirement</i>
2/1/2009					2,895,000	34,212.50	28,950.00	2,958,162.50
5/1/2009	660,000	5.000%	68,425.00	728,425.00				
11/1/2009			51,925.00	51,925.00				
5/1/2010	700,000	5.000%	51,925.00	751,925.00				
11/1/2010			34,425.00	34,425.00				
5/1/2011	745,000	5.000%	34,425.00	779,425.00				
11/1/2011			15,800.00	15,800.00				
5/1/2012	790,000	4.000%	15,800.00	805,800.00				
	<b>\$ 2,895,000</b>		<b>\$ 272,725.00</b>	<b>\$ 3,167,725.00</b>	<b>\$ 2,895,000</b>	<b>\$ 34,212.50</b>	<b>\$ 28,950.00</b>	<b>\$ 2,958,162.50</b>

**\$2,655,000**

**The Board of Education of the County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**Refunding Debt Service**

	<i>principal</i>	<i>rate</i>	<i>interest</i>	<i>total debt service</i>
12/23/2008				
5/1/2009	620,000	3.500%	33,040.00	653,040.00
11/1/2009			35,612.50	35,612.50
5/1/2010	645,000	3.500%	35,612.50	680,612.50
11/1/2010			24,325.00	24,325.00
5/1/2011	680,000	3.500%	24,325.00	704,325.00
11/1/2011			12,425.00	12,425.00
5/1/2012	710,000	3.500%	12,425.00	722,425.00
	<b>\$ 2,655,000</b>		<b>\$ 177,765.00</b>	<b>\$ 2,832,765.00</b>

**\$2,655,000**

**The Board of Education of the County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**Calculation of Net Interest Cost Savings**

	<b>Refunding Debt Service</b>	<b>Refunded Debt Service</b>	<b>Gross Savings</b>	<b>pv factor @ 3.50170020%</b>	<b>Present Value Gross Savings</b>
5/1/2009	653,040.00	728,425.00	75,385.00	0.987733109	74,460.26
11/1/2009	35,612.50	51,925.00	16,312.50	0.97073696	15,835.15
5/1/2010	680,612.50	751,925.00	71,312.50	0.954033267	68,034.50
11/1/2010	24,325.00	34,425.00	10,100.00	0.937616999	9,469.93
5/1/2011	704,325.00	779,425.00	75,100.00	0.921483209	69,203.39
11/1/2011	12,425.00	15,800.00	3,375.00	0.905627037	3,056.49
5/1/2012	722,425.00	805,800.00	83,375.00	0.890043706	74,207.39
	<b>\$ 2,832,765.00</b>	<b>\$ 3,167,725.00</b>	<b>\$ 334,960.00</b>		<b>\$ 314,267.11</b>



101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836

7000 Hampton Center  
Morgantown, West Virginia 26505  
(304) 285-2500

5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500



600 Quarrier Street  
Charleston, West Virginia 25301

Post Office Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1100

[www.bowlesrice.com](http://www.bowlesrice.com)

December 23, 2008

Closing Item No. D-1

333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1639  
(859) 252-2202

480 West Jubal Early Drive  
Suite 130  
Winchester, Virginia 22601  
(540) 723-8877

2400 Cranberry Square  
Morgantown, West Virginia 26508  
(304) 594-1000

The Board of Education of the  
County of Greenbrier  
200 Elizabeth Street  
Charleston, West Virginia 25301

Re: \$2,655,000 The Board of Education of the County of Greenbrier  
(West Virginia) Public School Refunding Bonds, Series 2008

Ladies & Gentlemen:

We have examined certified copies of the proceedings of The Board of Education of the County of Greenbrier, West Virginia (the "Board"), and other proofs submitted to us relative to the issuance and sale of \$2,655,000 in aggregate principal amounts of The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008, dated December 23, 2008 (the "Refunding Bonds").

The Refunding Bonds are authorized to be issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and under and pursuant to a Resolution and Order duly adopted and entered by the Board on December 4, 2008 (the "Resolution") for the primary purpose of current refunding The Board of Education of the County of Greenbrier (West Virginia) Public School Bonds, Series 1997 outstanding on the date hereof in the aggregate principal amount of \$2,895,000 (the "Series 1997 Bonds").

Based upon the proofs and proceedings examined, we are of the opinion as follows:

- (1) The Board is a validly existing statutory corporation charged with the supervision and control of the District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Refunding Bonds.
- (2) Under the Refunding Act, the Refunding Bonds are exempt from all taxation by the State or by any political subdivision thereof.

The Board of Education of the County of Greenbrier  
December 23, 2008  
Page 2

(3) The issuance and sale of the Refunding Bonds have been duly authorized pursuant to and in full compliance with the Constitution of the State of West Virginia, the Refunding Act and the Resolution.

(4) The Refunding Bonds are valid and legally binding general obligations of the Board and, unless paid from other sources, the principal of and interest on the Refunding Bonds are payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

(5) The Series 1997 Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Board to the owners of the Series 1997 Bonds have been satisfied and discharged. In rendering the opinion set forth in this Paragraph 5, we have relied upon the opinion provided by Smith, Cochran and Hicks, independent certified public accountants, that, based on schedules provided to and verified as to mathematical accuracy by them, the anticipated receipts from described direct obligations of the United States of American (the "Governmental Obligations") (including those purchased with the proceeds of the Refunding Bonds) deposited in The Board of Education of the County of Greenbrier Series 1997 Bonds Escrow Deposit Fund (the "Escrow Deposit Fund") established with the West Virginia Municipal Bond Commission, together with certain cash also deposited, will be sufficient to pay, when due, the principal of and interest on the Series 1997 Bonds to maturity.

(6) Under existing statutes and court decisions, interest on the Refunding Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated pursuant thereto, and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. Under the Code, however, interest on the Refunding Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth in the proceeding sentences are subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Refunding Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Refunding Bonds. Other than as set forth in paragraph 7 below, we express no opinion regarding other tax consequences with respect to the Refunding Bonds.

(7) The Issuer has designated the bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue, together with subordinate entities, more than \$10,000,000 of tax-exempt obligations (other than private activity

The Board of Education of the County of Greenbrier

December 23, 2008

Page 3

bonds) during the calendar year 2008. Therefore, 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 purchase or 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.

This opinion is limited to the extent that the enforceability of rights or remedies with respect to the Refunding Bonds may be limited by bankruptcy, insolvency, moratorium, general principles of equity, the exercise of judicial discretion or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined the executed Refunding Bond No. R-1 and, in our opinion, the form of said Refunding Bond and its execution are regular and proper.

Very truly yours,

*Bowles Rice / David Graff & Love LLP*



101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836

7000 Hampton Center  
Morgantown, West Virginia 26505  
(304) 285-2500

5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500



600 Quarrier Street  
Charleston, West Virginia 25301

Post Office Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1100

[www.bowlesrice.com](http://www.bowlesrice.com)

Closing Item No. D-2

333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1639  
(859) 252-2202

480 West Jubal Early Drive  
Suite 130  
Winchester, Virginia 22601  
(540) 723-8877

2400 Cranberry Square  
Morgantown, West Virginia 26508  
(304) 594-1000

December 23, 2008

The Board of Education of the County of Greenbrier  
Post Office Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901

Raymond James & Associates, Inc.  
500 Laidley Tower  
Charleston, West Virginia 25301

Re: \$2,655,000 The Board of Education of the County of Greenbrier  
(West Virginia) Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Board of Education of the County of Greenbrier (West Virginia) (the "Board") of its \$2,655,000 aggregate principal amount of Public School Refunding Bonds, Series 2008 (the "Series 2008 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2008 Bonds and the exclusion of interest on the Series 2008 Bonds from gross income of the holders thereof for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other documents and matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings ascribed thereto in the Bond Purchase Agreement (the "Purchase Agreement") dated December 16, 2008, between the Board and Raymond James & Associates, Inc. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the Board, and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid, binding and enforceable obligation of the Board (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally and to the exercise of judicial discretion).

The Board of Education of the County of Greenbrier  
Raymond James & Associates, Inc.  
December 23, 2008  
Page 2

(2) The Board, under the Act, has full power and authority to adopt the Resolution, enter into the Escrow Agreement and the Purchase Agreement and perform its obligations thereunder.

(3) The Board has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Board, and the Board has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Series 2008 Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "Authority and Purpose," "Plan of Finance," "The Bonds," "Tax Exemption," "Legal Matters," "Ratings," "Continuing Disclosure" and "Appendix C" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2008 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

*Bowles Rice / David Graff & Love LLP*



600 Quarrier Street  
Charleston, West Virginia 25301  
(304) 347-1100

101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836

5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500



7000 Hampton Center  
Morgantown, West Virginia 26505  
(304) 285-2500

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Closing Item No. D-3

333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1639  
(859) 252-2202

480 West Jubal Early Drive  
Suite 130  
Winchester, Virginia 22601  
(540) 723-8877

2400 Cranberry Square  
Morgantown, West Virginia 26508  
(304) 594-1000

December 23, 2008

The Board of Education of the County of Greenbrier  
Post Office Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901

Raymond James & Associates, Inc.  
500 Laidley Tower  
Charleston, West Virginia 25301

Re: \$2,655,000 The Board of Education of the County of Greenbrier  
(West Virginia) Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have served as special counsel to The Board of Education of the County of Greenbrier, West Virginia (the "Board") in connection with the sale of the above-referenced bonds (the "Series 2008 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of December 16, 2008 (the "Purchase Agreement"), between Raymond James & Associates, Inc. (the "Underwriter") and the Board. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2008 Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution of the Board, the Escrow Agreement, the Purchase Agreement, the Preliminary Official Statement dated December 15, 2008, and the Final Official Statement dated December 16, 2008, with respect to the issuance and offering of the Series 2008 Bonds (collectively, the "Official Statement") and a closing certificate of the Board. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Board is a validly existing statutory corporation charged with the supervision and control of the Greenbrier County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Series 2008 Bonds. The Board is authorized by the laws of the State of West Virginia,

The Board of Education of the County of Greenbrier  
Raymond James & Associates, Inc.  
December 23, 2008  
Page 2

as provided by the Refunding Act, to enter into and perform its obligations under the Resolution, the Escrow Agreement and the Purchase Agreement.

2. The Board has full power and authority to consummate all transactions contemplated by the Series 2008 Bonds, the Purchase Agreement, the Escrow Agreement and any other agreements relating thereto, to which the Board is a party.

3. The Board has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Escrow Agreement and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Board and the issuance and delivery of the Series 2008 Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Escrow Agreement and the Purchase Agreement have been duly and validly authorized, executed and delivered by the Board and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Board, enforceable against the Board in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and to the exercise of judicial discretion.

5. The Resolution authorizing issuance of the Series 2008 Bonds has been duly adopted and entered at meetings of the Board which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

6. The execution and delivery of the Escrow Agreement and the Purchase Agreement by the Board and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the Board or, to the best of our knowledge after diligent inquiry and reasonable review of the Board's records, any agreement or other instrument to which the Board is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Board have been taken, and no additional approval, authorization, consent or other order of the Board or any public board or body is legally required to allow the Board to enter into and perform its obligations under the Escrow Agreement and the Purchase Agreement or as described in the Official Statement.

8. The Board is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Board.

The Board of Education of the County of Greenbrier  
Raymond James & Associates, Inc.  
December 23, 2008  
Page 3

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Board is a party or of which any property of the Board is subject, except as described in the Official Statement, which, if determined adversely to the Board, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2008 Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Board to comply with its obligations under the Escrow Agreement or the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Board.

10. Based upon our experience as counsel to the Board and on our review of the Official Statement, and after diligent inquiry, but without having undertaken to verify the same through independent investigation, the statements and information contained in the Official Statement under the captions or subcaptions "Greenbrier County School District," "Certain Financial Information," "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters," "Verification Agent," "Future Bond Issue – Financial Advisor," "Continuing Disclosure," "Appendix A," "Appendix B" and "Appendix E" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, it being understood, that in rendering such opinion we express no opinion with respect to statistical data, financial statements, operating statistics and other financial data in the Official Statement, including Appendix A thereto.

This opinion may be relied upon by all counsel to this transaction as if specifically addressed to them.

We hereby consent to the references made to us in the Official Statement.

Very truly yours,

*Bowles Rice David Graff & Love LLP*





December 23, 2008

Raymond James & Associates, Inc.  
500 Laidley Tower  
500 Lee Street, East  
Charleston, West Virginia 25301

Re: \$2,655,000 The Board of Education of the County of Greenbrier  
Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Greenbrier (the "Board") of its Public School Refunding Bonds, Series 2008 (the "Series 2008 Bonds") in the aggregate principal amount of \$2,655,000. In connection with rendering this opinion, we have examined the Official Statement dated December 16, 2008, the Bond Purchase Agreement dated December 16, 2008 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the Board dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Board, counsel for the Board, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

{C1453730.1}

Raymond James & Associates, Inc.  
December 23, 2008  
Page 2

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2008 Bonds.

Very truly yours,

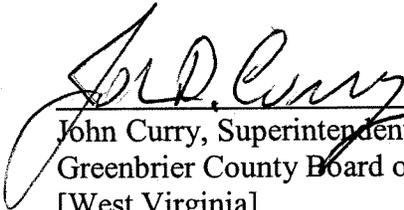
Handwritten signature of Jack Kelly PLLC in cursive script.



## CERTIFICATION

I, John Curry, Superintendent and Secretary of the Board of Education of the County of Greenbrier, West Virginia, do hereby certify that the attached is a true and accurate copy of the Minutes and An Order of The Board of Education of the County of Greenbrier Directing Issuance of the Bonds, adopted the 4<sup>th</sup> day of December, 2008.

Dated this 23<sup>rd</sup> day of December, 2008.

  
\_\_\_\_\_  
John Curry, Superintendent and Secretary of  
Greenbrier County Board of Education  
[West Virginia]

MINUTES OF THE GREENBRIER COUNTY BOARD OF EDUCATION  
SPECIAL MEETING – DECEMBER 4, 2008, 3:00 p.m.  
HELD AT THE COUNTY OFFICE IN LEWISBURG, WEST VIRGINIA

---

Call to Order

Board President Kathy King called to order this special meeting of the Greenbrier County Board of Education.

Attendance

Board members present were Kathy King, Hazel Reed, Jeanie Wyatt, and Ed Zopp. Central office staff present was Superintendent John Curry, Sallie Dalton, and Greg Honaker.

Results of November 4, 2008 School Bond Election

A motion was made by Jeanie Wyatt and seconded by Ed Zopp to accept the results of the November 4, 2008 School Bond Election and to enter a copy of the certified results into the Greenbrier County Board of Education minutes. Also, to adopt the final list of election commissioners and clerks appointed by the Greenbrier County Commission for the November 4, 2008 Special School Bond Election held in conjunction with the General Election held on the same date. Motion carried with a 4-0 vote.

Rescind Board Action – Architectural Firm

A motion was made by Jeanie Wyatt and seconded by Ed Zopp to rescind Board Action of November 21, 2008, to hire the architectural firm of ZMM, Inc., for the construction and renovation projects at Eastern Greenbrier Middle School and Smoot Elementary School. Motion carried with a 4-0 vote.

Architectural Firm for All Projects

A motion was made by Jeanie Wyatt and seconded by Hazel Reed to name E.T. Boggess as the Architectural Firm for the construction of a new Lewisburg Elementary School and a new Rainelle Elementary School, major renovations to Greenbrier West High School, Renovations to Smoot Elementary School, and a new Auxiliary Gym at Eastern Greenbrier Middle School. Motion carried with a 4-0 vote.

Resolution

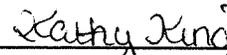
A motion was made by Jeanie Wyatt and seconded Ed Zopp for a Resolution and Order Providing for and Authorizing the Current Refunding of the Board's Public School Bonds, Series 1997, currently outstanding in the amount of \$2,895,000 and approving and authorizing other action incident thereto. Motion carried with a 4-0 vote.

Resolution

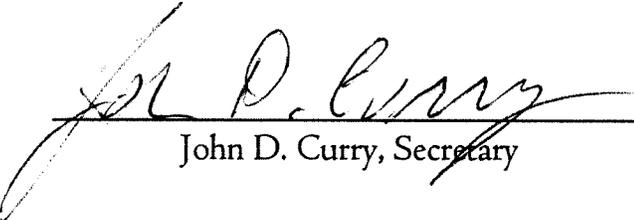
A motion was made by Jeanie Wyatt and seconded by Hazel Reed for a Resolution and Order Directing Issuance of the Board's Bonds, approved at the General Election held on November 4, 2008, in the amount of \$37,745,000 providing the maturities for same and other action incident thereto. Motion carried with a 4-0 vote.

Adjournment

A motion was made Jeanie Wyatt and seconded Hazel Reed to adjourn the meeting. Motion carried with a 4-0 vote.



\_\_\_\_\_  
Kathy King, President

  
\_\_\_\_\_  
John D. Curry, Secretary



**PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 15, 2008**

**NEW ISSUE  
BOOK-ENTRY ONLY**

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

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

**\$2,655,000\***

**The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**Dated: Date of Delivery**

**Due:** May 1, as shown below

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

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

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

Interest on the Bonds will be payable May 1, 2009 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 Beneficial Owners of the Bonds, as described herein.

The Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). The Board has represented and warranted that it does not anticipate that the aggregate amount of the tax-exempt obligations that will be issued by or on behalf of the Board in calendar year 2008 will exceed \$10,000,000. 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 not subject to redemption prior to maturity.

**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS**

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:
2009					2011				
2010					2012				

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about December 23, 2008.

**RAYMOND JAMES**

December \_\_, 2008

\* Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. 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 or qualification under the securities laws of such jurisdiction.

**\$2,655,000\***  
**The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**ELECTED OFFICIALS**

Kathy King, President  
Jeanie Wyatt, Board Member  
Hazel Reed, Board Member  
Bob Toothman, Board Member  
William Edward Zopp, Board Member

**APPOINTED OFFICIALS**

John Curry, Superintendent  
David A. McClure, Treasurer

**BOARD'S COUNSEL**

Bowles Rice McDavid Graff & Love, LLP  
Morgantown, West Virginia

**BOND COUNSEL**

Bowles Rice McDavid Graff & Love, LLP  
Charleston, West Virginia

**UNDERWRITERS**

Raymond James & Associates, Inc.  
Charleston, West Virginia

**UNDERWRITER'S COUNSEL**

Jackson Kelly PLLC  
Charleston, West Virginia

---

\* Estimated, subject to change.

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Greenbrier, 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**

**\$2,655,000\***

**The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**INTRODUCTION**

This Official Statement provides certain information in connection with the sale of \$2,655,000\* in aggregate principal amount of The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008 (the "Bonds"). A brief description of The Board of Education of the County of Greenbrier, West Virginia (the "Board"), the Greenbrier County School District (the "School District") and the County of Greenbrier, West Virginia (the "County" or "Greenbrier County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide for the current refunding of the Board's Public School Bonds, Series 1997 issued in the original aggregate principal amount of \$8,000,000 ("Series 1997 Bonds") of which \$2,895,000 is outstanding. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a general election held on November 5, 1996, the issuance of bonds for a maximum term of 15 ½ years and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of constructing a junior high (middle) school in the Rupert, West Virginia geographic area.

The Bonds are general obligations of the Board, and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable property within the School District, without limitation as to rate or amount.

In addition to the Series 1997 Bonds, which will be refunded by the Bonds, the Board also has outstanding its Public School Bonds, Series 2002 issued on May 1, 2002, in the original principal amount of \$8,000,000 and currently outstanding in the amount of \$5,480,000 (the "Series 2002 Bonds"). The Bonds will be on parity with the Series 2002 Bonds.

**THE BONDS**

General

The Bonds will be dated the date of delivery, and will be issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

Maturing (May 1)	Principal Amount (S)
2009	
2010	
2011	
2012	

\* Estimated, subject to change.

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

Interest on the Bonds will be payable May 1, 2009 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 owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

#### Redemption

The Bonds are not subject to redemption prior to maturity.

#### Authority and Purpose

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 Chapter 13, Article 1, of the code of West Virginia, 1931, as amended (the "Bond Act"), county boards of education may, with voter approval, issue bonds for specified purposes in 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 of Article X of the Constitution and Sections 20 and 34 of the Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. 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. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 60.61% of the participating voters. Proceeds of the Series 1997 Bonds were applied, together with certain funds received by the Board from the State of West Virginia ( the "State") and other sources, to the cost of constructing a junior high (middle) school in the Rupert, West Virginia geographic area. The ballot question limited the term of the bonds to fifteen and one-half (15 ½) years from their date and limited the rate of interest on the bonds to a rate not exceeding 8 ½% per annum.

The Series 1997 Bonds were issued on March 1, 1997 and designated Public School Bonds, Series 1997 pursuant to the Bond Act.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act" and collectively with the "Bond Act," the "Act") and a resolution of the Board adopted on December 4, 2008, (collectively, the "Resolution"). The Board is issuing the Bonds for the purpose of current refunding the Series 1997 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 1997 Bonds will be deemed paid upon the completion of the current refunding. Certain funds of the Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 1997 Bonds will become surplus funds as a result of the current refunding and will be available for release to the Board.

#### Plan of Financing

The proceeds from the Bonds in the amount of \$\_\_\_\_\_ will be combined with the sum of approximately \$400,000 which will be transferred from accounts of the Board at the Bond Commission and along with other funds made available to the Board will be applied towards the funding of an escrow to current refund the Series 1997 Bonds. Such proceeds will be used to pay the redemption price of the Series 1997 Bonds called for redemption. The proceeds will be held by the Bond Commission, as Escrow Agent under an Escrow Deposit Agreement to be entered into on or prior to December 23, 2008 (the "Escrow Deposit Agreement"), by and among the Board and the Bond Commission. The 1997 Bonds to be called for redemption are expected to be called so that their redemption will occur no later than 40 days following the date of issuance of the Bonds.

During the period in which the proceeds of the Bonds are deposited with the Bond Commission (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations. The maturing principal of and interest on the Investment Obligations is not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds\*

Sources

Proceeds of the Bonds	\$ _____
Amounts Transferred from Bond Commission (Debt Service Account)	\$ [400,000.00]
<b>TOTAL</b>	<b>\$ _____</b>

Uses

Deposit to Escrow Account <sup>1</sup>	\$ _____
Underwriter's Discount	\$ _____
Costs of Issuance <sup>2</sup>	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

\*Estimated, subject to change.

Nature of Obligation, Security and Source of Payments

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

Debt Administration

The Bond 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, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond 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 Bond 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 Bond 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 2008 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 31, Article 18, Section 20-b, of the code of West Virginia, or in the funds of the state municipal bond commission because of the failure of any state agency for either general obligation or revenue bonds or any local taxing district for general obligation bonds to remit funds necessary for the payment of interest and

<sup>1</sup> The Amount set forth in the Escrow Agreement as required, together with the income thereon to effect the current refunding of the Series 1997 Bonds as described herein.

<sup>2</sup> Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, Printing and Accountants' Verification Report.

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 Greenbrier. 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.

## GREENBRIER 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 pre-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.

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

For the fiscal year 2008-2009, the Greenbrier County school system has a central office professional staff of 14 with the overall responsibility to coordinate and supervise the activities of 22 school administrators, 461 instructional staff (teachers and other professionals), and 332 service personnel. Total Full Time Equivalent positions are 777.1. The estimated pupil-teacher ratio for the 2008-2009 school year was 12 to 1 (combined elementary, middle and secondary schools). The total adjusted student 2008-2009 enrollment is 5,301 students.

### Historical School Enrollment (School Year – Enrollments are October of each year.)

Grades	2004	2005	2006	2007	2008	2009
Pre-K Special Needs						
Pre-K Universal	234	185	194	240	268	297
K	401	389	386	384	372	372
1	368	393	384	408	396	381
2	373	358	384	376	403	394
3	376	375	366	375	386	404
4	412	382	390	369	369	378
5	407	399	376	383	372	379
6	403	396	406	385	391	372
7	416	410	418	407	387	391
8	440	420	432	422	396	396
9	404	447	435	441	435	433
10	397	403	441	416	373	379
11	399	358	368	407	352	360
12	<u>351</u>	<u>383</u>	<u>345</u>	<u>371</u>	<u>357</u>	<u>365</u>
Total	5,381	5,298	5,325	5,384	5,257	5,301

**Rate of Increase (Decrease) in Enrollment**

2004-2009	(1.49%)
Annualized	(0.12%)

Source: Greenbrier County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2010	5,224
2011	5,206
2012	5,167
2013	5,132

Source: Greenbrier County Board of Education

Facilities

School	Grades	Type of Construction	Date of Construction	Renovations or Additions
Alderson	Pre-K – 5	Masonry/Metal	1956	1985
Crichton	Pre-K – 5	Masonry	1967	1975
Eastern Greenbrier	6-8	Masonry	1991	--
Frankford	Pre-K – 5	Masonry	1956	1977, 2008
Greenbrier East	9-12	Masonry	1968	1978, 80, 85, 01, 06
Greenbrier West	9-12	Masonry	1968	1970, 75
Lewisburg	Pre-K – 5	Masonry	1935	1956, 67, 75, 79
Rainelle	Pre-K – 5	Masonry/Metal	1946	1956, 67, 68
Ronceverte	Pre-K – 5	Masonry	2006	--
Rupert	Pre-K – 5	Masonry/Metal	1948	1952, 78, 81
Smoot	Pre-K – 5	Masonry/Metal	1930	1956, 67, 69, 79
Western Greenbrier	6-8	Masonry	1999	--
White Sulphur Springs	Pre-K – 5	Masonry	2001	--

Source: Greenbrier County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Greenbrier 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 ½% discount if paid by September; 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 ½% 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 charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase.

The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections\*

Year	Projected Gross Tax (\$)	Projected Net Tax at 92-93% Less Assessors Fee	Actual (\$) Collected	Actual (%) Collected
<u>2003-2004</u>				
General Current	6,439,291	5,931,874	6,264,808	106
Bond Levy	1,606,679	1,461,818	1,600,258	109
Excess Levy	3,607,953	3,391,475	3,476,262	103
<u>2004-2005</u>				
General Current	6,786,937	6,351,894	6,510,476	102
Bond Levy	1,623,827	1,475,220	1,600,004	108
Excess Levy	3,802,738	3,631,612	3,662,751	101
<u>2005-2006</u>				
General Current	7,533,252	6,567,865	6,806,941	104
Bond Levy	1,633,186	1,485,483	1,634,612	110
Excess Levy	4,220,903	4,032,439	4,116,463	102
<u>2006-2007</u>				
General Current	8,280,259	6,917,914	7,143,107	103
Bond Levy	1,647,791	1,498,595	1,703,805	114
Excess Levy	4,738,953	4,527,359	4,711,211	104
<u>2007-2008</u>				
General Current	8,671,329	6,863,521	7,167,578	104
Bond Levy	1,577,825	1,508,170	1,671,254	111
Excess Levy	5,129,047	4,900,035	5,054,647	103

\*Source: Greenbrier County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain government 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 2009 assessment year valuations are made as of July 1, 2008, with taxes levied and collected during the fiscal year July 1, 2009, through June 30, 2010.

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

Property Classification

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

Assessed Valuations

The Greenbrier County School District includes all of Greenbrier County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code requires all assessors to appraise all property at fair market value (except for certain farm property), within three years. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994.

Assessed Valuation By Property Class\*

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	11,327,045	11,351,510	11,657,101	11,427,383	0
II	406,770,364	463,324,074	522,022,767	574,426,354	623,901,527
III	446,217,077	500,784,850	573,643,881	629,077,312	642,690,904
IV	<u>176,049,335</u>	<u>184,301,672</u>	<u>194,881,839</u>	<u>198,292,036</u>	<u>199,391,648</u>
Total	1,040,363,821	1,159,762,106	1,302,205,588	1,413,223,085	1,465,984,079

Assessed Valuation By Property Category\*

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Real	748,404,610	859,545,740	985,032,230	1,102,153,870	1,140,755,300
Personal	211,166,987	219,133,589	233,562,958	227,135,756	241,208,096
Public Utility	<u>80,792,224</u>	<u>81,082,777</u>	<u>83,610,400</u>	<u>83,933,459</u>	<u>84,020,683</u>
Total	1,040,363,821	1,159,762,106	1,302,205,588	1,413,223,085	1,465,984,079

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

\$78,944,868 in 2004-2005      \$79,622,544 in 2006-2007      \$82,514,796 in 2008-2009  
 \$79,684,539 in 2005-2006      \$81,214,436 in 2007-2008

**Largest Assessed Valuations (2008)\***

Property Owner	Assessed Valuation (\$)
White Sulphur Springs Co. (C S X)	59,675,286
MeadWestvaco	22,307,774
Greenbrier VMC LLC	18,743,888
Walmart	7,666,088
Plum Creek Timberlands	7,394,821
Lowes	7,330,504
B. A. Mulligan Lumber	6,319,702
Arbor Acres Farm (Aviagen Turkeys)	6,271,869
Combustion Engineering Inc. (A B B)	4,331,877
City National Bank	4,482,227
Lexington Trank (K-mart)	2,990,140

\*The assessed valuations include real and personal property in Class III or IV.  
 Source: Greenbrier County Assessor

**Tax Rate Comparisons.**

The following shows Greenbrier County property taxes in cents per \$100 assessed valuation (this includes all state, county and school rates, in comparison with a few select surrounding counties, for tax year 2008; Fiscal Year 2008-2009.

**Rates of Levy\***

County	Class I	Class II	Class III/IV
Fayette	64.05	128.10	256.20
GREENBRIER	46.475	92.950	185.900
Monroe	53.63	107.26	214.52
Nicholas	47.26	94.52	189.04
Pocahontas	32.53	65.06	130.12
Summers	33.95	67.90	135.80
Webster	33.27	66.54	113.08

\*Includes the total levy for State, County and schools in each County.  
 Source: West Virginia State Auditor

**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** (Source: West Virginia State Auditor)

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 \$0.2295 per \$100 assessed valuation in respect to Class I,

\$0.4590 per \$100 in respect to Class II, and \$0.9180 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.

**Tax Rates - By Property Class (Cents Per \$100)**

**School Current Levy**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	20.48	20.48	20.05	19.40	19.40
II	40.96	40.96	40.10	38.80	38.80
III and IV	81.92	81.92	80.20	77.60	77.60

**School Excess Levy**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	11.475	11.475	11.475	11.475	11.475
II	22.950	22.950	22.950	22.950	22.950
III and IV	45.900	45.900	45.900	45.900	45.900

**School Bonds**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	4.90	4.44	3.99	3.53	3.370
II	9.80	8.88	7.98	7.06	6.740
III and IV	19.60	17.76	15.96	14.12	13.480

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

**Rates of Levy (Source: West Virginia State Auditor)**

The tax rates for citizens of the County, including those imposed by the Greenbrier County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 2008-2009 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.250	.500	1.000
County Current	11.980	23.960	47.920
School Current	19.400	38.800	77.600
School Bonds	3.370	6.740	13.480
School Excess	11.475	22.950	45.900

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 2008-2009 fiscal year.

Municipality	Class I	Class II	Class IV
Alderson	18.75	37.50	75.00
Falling Springs (Renick)	12.50	25.00	50.00
Lewisburg	18.75	37.50	75.00
Quinwood	12.50	25.00	50.00
Rainelle	12.50	25.00	50.00
Ronceverte	18.75	37.50	75.00
Rupert	12.50	25.00	50.00
White Sulphur Springs	12.50	25.00	50.00

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

Summary of Statistical Debt Information

Population (2006)	34,566
Assessed Valuation*	\$1,465,984,079
Debt Limit (5% of Assessed Valuation)	\$73, 299,203
Outstanding Debt**	\$8,375,000
Debt Contracting Margin	\$64,924,203
Per Capita Debt	\$242.29
Outstanding Debt as percentage of Assessed Valuation	0.57%

\*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2009).

\*\*As of November 1, 2008.

Debt Service Requirements

On November 4, 2008, the County voters approved the issuance of general obligation bonds in an amount not to exceed \$37,745,000 for a term not to exceed 15 and a half years at a rate not to exceed 7% per annum. This series of bonds is expected to be issued in early 2009.

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 (exclusive of the bonds proposed to be issued in 2009):

**Schedule of Bond Indebtedness  
Public School Bonds**

Year Ending June 30	Series 2008 Principal	Series 2008 Interest	Series 2008 Total	Series 2002 Principal	Series 2002 Interest	Series 2008 and 2002 Total
2009				500,000	223,445	
2010				525,000	203,445	
2011				550,000	182,445	
2012				575,000	160,445	
2013				605,000	137,445	
2014				635,000	113,245	
2015				665,000	87,845	
2016				695,000	60,580	
2017				<u>730,000</u>	<u>31,390</u>	
TOTAL				5,480,000.00	1,200,285.00	

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 Bond Commission. The Bond Commission, in turn, disburses funds to meet the payment of bonds and bond interest payments as well as paying agency fees. From time to time, the Commission invests amounts in the Debt Service Fund that are in excess of payment schedules and credits the interest income to the Debt Service Fund. (See “Investment of Certain Funds”).

*2. Bond Construction Fund*

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

### 3. Capital Projects Fund

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

### 4. General Current Expense Fund

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

### 5. Special Revenue Fund

Accounts for the financial resources of the Board, which are restricted either legally or by the grantor.

### Investment of Certain Funds

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

### Accounting Practices

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district-wide statements (Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements (Balance Sheet- Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Fund) were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

### Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Budgetary Procedures

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

July	Overall goals are revised and established by the Board. Implementation and valuation of Board goals are established by the superintendent.
October	Student enrollment and personnel employee numbers are gathered system wide to determine State aid funding basis for subsequent fiscal year.
November- December	All staffing reviewed. Personnel reductions and additions are determined by local school councils, the public, the administration and the superintendent.
January- February	Preliminary forecasts of revenues and expenditures are determined by administration. Non-salary items reviewed.

- 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/May 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.
- A public hearing shall be held concerning the operating budget not less than 10 days after such budget has been made available for public inspection. The Board is required to submit a budget to the State Board of Education and State Tax Commissioner no earlier than 10 days after receipt of the final State aid computations.
- September Board advised of ending balances for previous fiscal year. Board and administration evaluate status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

**Revenues, Expenditures and Changes in Fund Balance – Regulatory Basis  
Budget and Actual  
General Current Expense Fund  
Year ended June 30**

	2007 Budget	2007 Actual	2008 Budget	2008 Actual*	2009 Budget
<i>Revenues Collected:</i>					
Local Sources:					
Property Taxes	11,826,770	11,876,818	12,395,560	12,472,952	12,152,540
Other Local Sources	1,056,420	1,137,728	844,489	955,678	390,500
State Sources	25,533,981	25,537,803	27,036,977	27,114,196	21,261,880
Other Unrestricted			46,801	46,801	6,432,130
Federal Sources	<u>1,217,605</u>	<u>1,208,875</u>	<u>1,148,023</u>	<u>1,161,340</u>	<u>825,000</u>
Total Revenues Collected	39,634,776	39,761,224	41,471,850	41,750,967	41,062,050
<i>Expenditures Paid:</i>					
Instruction	24,457,284	24,317,506	26,880,806	25,738,936	24,408,660
<i>Supporting Services:</i>					
Students	653,703	634,656	486,661	429,809	526,620
Instructional Staff	606,119	600,159	891,232	843,673	807,060
Central Administration	1,033,492	1,024,687	1,074,024	1,010,821	1,056,660
School Administration	2,244,979	2,238,139	2,372,900	2,371,174	2,442,340
Business	297,923	292,881	286,805	281,239	293,930
Operation & Maintenance of Facilities	4,961,019	4,950,691	5,626,049	5,230,995	5,043,370
Student Transportation	3,752,059	3,529,021	4,004,106	3,835,087	3,837,280
Food Services	1,250	650	1,000	6,740	0
Community Services	80,952	80,952	83,700	96,202	103,700
Capital Outlay	1,253,901	0	0	0	0
<i>Debt Service:</i>					
Principal Retirement					
Interest & Fiscal Charges					
Total Expenditures	39,342,681	37,669,342	41,707,283	39,844,676	41,519,620
Excess (Deficiency) of Revenues over Expenditures	<u>292,095</u>	<u>2,091,882</u>	<u>(235,433)</u>	<u>1,906,290</u>	<u>(457,570)</u>
Total Other Financing Sources (Uses)	(1,116,720)	(1,269,337)	(1,495,910)	(1,492,030)	(1,259,570)
Net change in Fund Balance	(824,625)	822,545	(1,731,343)	414,261	(1,717,140)
Fund Balance at July 1	<u>824,625</u>	<u>829,624</u>	<u>1,050,000</u>	<u>1,652,169</u>	<u>1,800,000</u>
Fund Balance at June 30	0	1,652,169	(681,343)	2,066,430	82,860

Source: Greenbrier County Board of Education

\*2008 Actual numbers are unaudited.

### **Teachers Retirement System (Defined Benefit)**

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2007, 28,040 retirees and beneficiaries were receiving benefits. As of July 1, 2007, there are 19,529 active members. The plan reopened for new members as of July 1, 2005.

Members contribute 6% of annual earnings. Employers contribute 15% or 7.5% of a member's annual earnings. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2007 by Buck Consultants. 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 after expenses. As of July 1, 2007, the unfunded liability of TRS was \$3.47672 billion. The funded percentage was 51.3%. 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 (TDC) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDC. The plan closed for new members as of July 1, 2005.

As of July 1, 2007, there were approximately 19,164 members in the TDC. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Members may choose from thirteen (13) separate investment options.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six (6) years and fully vested after twelve (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 (5) years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

### **TDC Transfer to TRS**

On March 16, 2008, the West Virginia Legislature passed legislation authorizing members of the TDC to elect to voluntarily transfer to TRS. For the transfer to occur the legislation required that at least 65% of members of TDC as of December 31, 2007 to elect the transfer. Over 78% of actively contributing TDC members elected to transfer to TRS. Approximately 15,152 TDC members were transferred to TRS on July 1, 2008.

Insurance Coverage (Source: Greenbrier County Board of Education)

1. Type	<u>Amount in Force (FY 2009)</u>
Fire, extended coverage/buildings & personal property	\$106,912,313
Public official position bond: Superintendent	\$ 10,000
Board President	\$ 10,000
Treasurer	\$ 300,000
Blanket Bond	\$-----
Fidelity Honesty Bond (all employees)	\$ 25,000
Money & Securities (all employees)	\$-----
Deductible - \$5,000 per occurrence	

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for a coverage period July 1, 2008 to July 1, 2009. The Board is insured for the following coverages:

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

2. Limits of Liability

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

SPECIAL LIMITS. The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.00 for private passenger vehicles or \$1,000 for other vehicle types including mobile equipment.

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

Source: Greenbrier County Board of Education

**TAX MATTERS**

In the opinion of Bond Counsel, (a) under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section, and (b) under existing West Virginia Law, the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof.

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, in order for interest on the Bonds to be and remain exempt from federal income taxation, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of

interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such actions.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as an enumerated item of tax preference or other specific adjustment. However, a corporation is required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to its current earnings adjustment and the alternative tax net operating loss deduction). For such purposes "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Bond Counsel is further of the opinion that pursuant to Section 265 (b) (3) (D) (ii) of the Code, the Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Bonds satisfy the requirements set forth in Section 265 (b) (3) (D) (ii) of the Code. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or 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 foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

#### **LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM**

The School District may be affected by litigation pending in the courts of the State of West Virginia with potential impact on local taxes for school purposes similar to the litigation which has continued in certain states, such as Serrano v. Priest in California, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes.

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be

increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed “on an equitable basis described by the court.” The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al., the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

In May of 1995 a Motion to join the President of the State Senate and the Speaker of the State House of Delegates as defendants in Pauley was granted by the Circuit Court. The Circuit Court later reconsidered this Motion and the President of the State Senate and the Speaker of the House of Delegates are no longer defendants. Additionally, with the motion to join defendants, the plaintiffs moved the Circuit Court for an order enforcing the judgment previously entered including establishment of a timetable for implementation of the Master Plan for Public Education and a timetable for implementation of changes to the system of financing public education in West Virginia. A trial was scheduled for July 3, 2000. However, prior to going to trial, the parties reached a settlement with regard to a number of the issues.

Finally, on January 3, 2003, Pauley was dismissed and dropped from the active docket of the court. The court stated in its Memorandum of Opinion and final Order the following :

1. The plaintiff class’s request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.
2. The decision of the honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and
3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.
4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties’ objection is hereby preserved.

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants in following a policy of approval of segregated outbuildings for special education students and expenditures therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

Plaintiffs requested relief in the form of various declaratory and injunctive measures to remedy the alleged improprieties, including submission of a plan to alleviate alleged constitutional and legal deficiencies in special education in the State. No monetary damages were stated in the complaint. On July 10, 1991 a Settlement Agreement was approved by the District Court. The Settlement Agreement, as approved by the District Court, provided inter alia that the State School Building Authority would, in the application process and before disbursement of monies to local boards of education, obtain sufficient information to assure that no projects approved or funded would permit segregated outbuildings, segregated schools or inappropriately located self-contained classrooms in regular buildings in which classrooms are not contiguous to or in proximity with

classrooms of age-appropriate, non-handicapped children or that permits a county to continue the existence of such an outbuilding, school or classroom.

In the opinion of Bond Counsel, the final resolution of the Pauley and Harris decisions by the courts of the State will not affect the validity or binding obligation, nature of the Bonds or modify the right of the holders thereof to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within the School District for the payment of the Bonds if not paid from other sources.

### LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. The Secretary of the Board has reviewed the current status of all pending and threatened litigation with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not probable that Board liability in any such matters is likely to have a material adverse affect on the financial condition of the Board.

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board which materially adversely affects the financial condition of the Board.

### CONTINUING DISCLOSURE

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository or in the alternative to Texas Municipal Advisory Council (the "Central Post Office" or "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, (after July 1, 2009 electronically to the Municipal Securities Rulemaking Board ("MSRB")) and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The dissemination agent for the Series 2002 Bonds has filed financial statements for the periods June 30, 2004 through June 30, 2007, however these filings were not made in a timely manner. The Board has employed United Bank, Inc., Charleston, West Virginia, to provide dissemination services. The Continuing Disclosure Agreement for the Bonds will require the dissemination agent to send notices to the Board and to notify the Central Post Office (or MSRB) if the financial information is not provided in a timely manner. The form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

### LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

### RATINGS

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

**VERIFICATION AGENT**

Smith, Cochran and Hicks has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 1997 Bonds and verification of the sufficiency of the escrow.

**FUTURE BOND ISSUE – FINANCIAL ADVISOR**

On November 4, 2008, voters in the County approved the issuance of up to \$37,745,000 in general obligation bonds to finance designated school improvements. Raymond, James & Associates, Inc. has been retained as the financial advisor for the proposed bonds. The Board expects to issue the proposed bonds in early 2009. Raymond, James & Associates, Inc. will be paid a fee for serving as financial advisor.

**UNDERWRITING**

The Bonds are being purchased by Raymond James & Associates, Inc. as Underwriter. The Purchase Contract provides that the Underwriter will purchase all the Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Underwriter has agreed to purchase the Bonds, subject to certain conditions, for a purchase price of \$ \_\_\_\_\_ (par less \$ \_\_\_\_\_ underwriter's discount).

**CONCLUDING STATEMENT**

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$ \_\_\_\_\_ in aggregate principal amount of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 2008. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Greenbrier by Raymond James & Associates, Inc. in its capacity as Underwriter.

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 GREENBRIER

By: Kathy L King, President

**APPENDIX A**

Audit Report of Greenbrier County Board of Education for the Fiscal Year Ended June 30, 2007

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
BOARD OFFICIALS  
YEAR ENDED JUNE 30, 2007**

<u>Office</u>	<u>Name</u>	<u>Term</u>
	<u>Elective</u>	
Board Members:	Kathy King	07/01/06 - 06/30/10
	Jeanie Wyatt	07/01/06 - 06/30/10
	Ed Zopp	07/01/06 - 06/30/10
	Wallace H. Jones	07/01/04 - 06/30/08
	Elizabeth Sue King	07/01/04 - 06/30/08
	<u>Appointive</u>	
Board President	Elizabeth Sue King	07/01/06 - 06/30/08
Superintendent	John Curry	07/01/06 - 06/30/08
Treasurer	David McClure	07/01/06 - 06/30/07

**Ware & Hall, PLLC**  
Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
Post Office Box 819, Huntington, West Virginia 25712-0819  
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Honorable Members of  
Greenbrier County, West Virginia Board of Education  
Lewisburg, West Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of and for the year ended June 30, 2007, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Greenbrier County, West Virginia Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Board adopted the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, in 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2008, on our consideration of Greenbrier County, West Virginia Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 40 through 41, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenbrier County, West Virginia Board of Education's basic financial statements. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund, and Schedule of Changes in School Activity Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Greenbrier County, West Virginia Board of Education. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund, Schedule of Changes in School Activity Funds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ware & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

Our discussion and analysis of the Greenbrier County, West Virginia Board of Education's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2007. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

**Financial Highlights**

- The Board's assets exceeded liabilities by \$36,299,166 at the close of the most recent fiscal year. Unrestricted net assets as of June 30, 2007 is a deficit of \$4,246,638.
- The Board's total net assets increased by \$1,746,053. Approximately \$674,000 of this increase is attributable to revenues in the Statement of Activities that do not provide current financial resources and are not recorded as revenues in the funds.
- As of the close of the current fiscal year, the Board's Governmental Funds reported combined ending fund balances of \$3,344,361, an increase of \$1,399,341 in comparison with the prior year. Approximately \$1,614,129 of this total amount is available for spending at the Board's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,489,620, or 4% percent of total general fund expenditures.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 11-12 of this report.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**Overview of the Financial Statements (Continued)**

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, and the debt service fund, all of which are considered major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the Board cannot use these funds to finance its operations.

The Board uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 17 of this report.

**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 39 of this report.

**District-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by \$36,299,166 at the close of the most recent fiscal year.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current and other assets	\$ 9,078,937
Capital assets	<u>49,021,968</u>
<b>Total assets</b>	<b>\$ <u>58,100,905</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>	
Current and other liabilities	\$ 6,537,427
Long-term liabilities outstanding	<u>15,264,312</u>
<b>Total Liabilities</b>	<u>21,801,739</u>
 <b>Net assets:</b>	
Invested in capital assets, net of related debt	38,853,612
Restricted	1,692,192
Unrestricted	<u>(4,246,638)</u>
<b>Total net assets</b>	<u>36,299,166</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>58,100,905</u></b>

A comparative analysis will be provided in future years when prior year information is available.

- The largest portion of the Board's net assets (107%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Board's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for debt service.
- The unrestricted net assets (-12%) is a deficit balance.

At the end of the current fiscal year, the Board is able to report positive balances in two of the three categories of net assets. The same situation held true for the prior fiscal year.

Restricted net assets increased by \$576,796 during the year ended June 30, 2007. This increase resulted primarily from debt service balance and special projects. The board's net assets increased by \$1,746,053 during the current year.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

The key elements of the increase of the Board's net assets for the year ended June 30, 2007 are as follows:

	<u>Governmental Activities</u>
<b>Revenues:</b>	
Program revenues:	
Charges for services	\$ 1,136,461
Operating grants and contributions	8,751,816
Capital grants and contributions	556,608
General revenues:	
Property taxes	14,047,254
Unrestricted state aid	25,537,803
Unrestricted investment earnings	316,883
Unrestricted grants and contributions	<u>1,100,671</u>
<b>Total revenues</b>	<b><u>51,447,496</u></b>
<b>Expenses:</b>	
Instruction	<u>31,609,071</u>
Supporting services:	
Students	808,047
Instructional staff	1,065,147
District administration	1,356,683
School administration	2,244,187
Business services	286,155
Operation and maintenance	5,021,680
Transportation	<u>3,886,835</u>
<b>Total supporting services</b>	<b>14,668,734</b>
Food services	2,892,694
Community services	80,952
Interest on long-term debt	<u>449,992</u>
<b>Total expenses</b>	<b><u>49,701,443</u></b>
<b>Change in net assets</b>	<b>1,746,053</b>
<b>Net assets - July 1, 2006, as restated</b>	<b><u>34,553,113</u></b>
<b>Net assets - June 30, 2007</b>	<b>\$ <u>36,299,166</u></b>

The largest increase continues to be from federal and state aid as well as property taxes. These increases were due to increased property tax valuations.

A comparative analysis of revenues will be provided in future years when prior year information is available.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

The Board's revenues for fiscal year ended June 30, 2007 by source are as follows:

Unrestricted state aid	50%
Property taxes	27%
Operating grants and contributions	17%
Charges for services	2%
Unrestricted grants and contributions	2%
Capital grants and contributions	1%
Unrestricted investment earnings	<u>1%</u>
Total	<u>100%</u>

A comparative analysis of expenditures will be provided in future years when prior year information is available.

The Board's expenditures for fiscal year ended June 30, 2007 by function are as follows:

Instruction	64%
Total supporting services	29%
Food Services	6%
Interest on long-term debt	<u>1%</u>
Total	<u>100%</u>

**Financial Analysis of the Board's Funds**

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of \$3,344,361. Included in this year's combined fund balance is reserve for debt service of \$1,448,795 and reserve for encumbrances of \$281,437.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the Board's fund balances that are not available for appropriations. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the Board's self-imposed limitation on the use of otherwise available expendable financial resources in government funds. The statements do not reflect any designated fund balance. Those funds have been moved to and are reflected as deferred revenue since the revenue was received prior to being earned.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**General Fund Budgetary Highlights**

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$1,732,371 or 5% in total general fund expenditures. The most significant difference may be summarized as follows:

- Reserve for contingencies increased \$898,501.

**Capital Asset and Debt Administration**

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$49,021,968 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, vehicles and construction in process. The total decrease in the Board's investment in capital assets for the current fiscal year was 3% percent.

Major capital asset events during the current fiscal year included the following:

Purchase of new school buses	\$ 519,288
Purchase of various computer labs and technology equipment and various furniture and equipment	\$ 168,044
Various improvements to land and buildings	\$ 151,018

At June 30, 2007, the Board's total investment in capital assets consisted of the following:

	<u>Governmental Activities</u>
Land	\$ 3,448,958
Land improvements	3,527,749
Buildings and improvements	65,309,829
Furniture and equipment	9,296,847
Vehicles	5,019,104
Construction in process	<u>28,771</u>
 Total Capital Assets	 \$ <u>86,631,258</u>

Additional information on the Board's capital assets can be found in Note 7 to the basic financial statements.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**Long-term debt.** At the end of the current fiscal year, the Board had total bonded debt outstanding of \$9,475,000 and capital lease obligations of \$693,356. Employees of the Board are eligible to receive special termination benefits in the form of convertible sick leave earned but not used prior to retirement. Upon retirement, an employee's accumulated sick leave may be converted to a greater retirement benefit or to payment of the retired employee's health insurance premiums. The cost of additional retirement benefits are the liability of the West Virginia Consolidated Public Retirement Board and therefore are not recorded in the Board's financial statements. However, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia Legislature has appropriated funds for the Board for payment of these costs. However, because such appropriations are at the discretion of the Legislature and therefore not guaranteed, the liability for the cost of sick leave convertible to health insurance premiums is recorded in the Board's financial statements. At June 30, 2007, the liability for such costs was \$6,410,076, which is included in the district-wide financial statement of net assets. The obligation for compensated absences for vacation was \$94,689 at June 30, 2007.

	<b>Governmental Activities</b>
General obligation bonds	\$ 9,475,000
Capital lease obligations	693,356
Compensated absences	94,689
Accrued sick leave	<u>6,410,076</u>
Total debt outstanding	<b>\$ <u>16,673,121</u></b>

Additional information on the Board's long-term debt can be found in Notes 8 and 9 to the basic financial statements.

**Factors Bearing on the Board's Future**

At the time these financial statements were prepared and audited, the Board was not aware of circumstances that could significantly affect its financial health in the future.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact the Board Office:

Greenbrier County, West Virginia  
Board of Education  
202 Chestnut Street  
Lewisburg, WV 24901  
Attn: David McClure, Treasurer

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,128,631
Investments	2,831,273
Taxes receivable, net of allowance for uncollectible taxes of \$645,348	934,233
Food services receivable	78,135
Other receivables	550,395
Due from other governments:	
State aid receivable	230,676
PEIA allocation receivable	652,982
Reimbursement receivable	672,612
Capital Assets:	
Land and improvements	6,976,707
Buildings and improvements	65,309,829
Furniture and equipment	9,296,847
Vehicles	5,019,104
Construction in process	28,771
Less accumulated depreciation	<u>(37,609,290)</u>
Total capital assets, net of depreciation	<u>49,021,968</u>
<b>TOTAL ASSETS</b>	<b><u>58,100,905</u></b>
<b>LIABILITIES</b>	
Salaries payable and related payroll liabilities	3,337,463
PEIA premiums payable	751,842
Accounts payable	407,054
Deferred revenue	564,231
Long term obligations:	
Due within one year:	
Bonds and capital lease obligations	1,167,482
Accrued interest	68,028
Compensated absences	3,513
Accrued sick leave payable	237,814
Due beyond one year:	
Bonds and capital lease obligations	9,000,874
Compensated absences	91,176
Accrued sick leave payable	<u>6,172,262</u>
<b>TOTAL LIABILITIES</b>	<b><u>21,801,739</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	38,853,612
Restricted for:	
Special projects	243,397
Debt service	1,448,795
Unrestricted	<u>(4,246,638)</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>36,299,166</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Functions	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Net (Expense), Revenue and Changes in Net Assets Governmental <u>Activities</u>
Governmental activities:					
Instruction	\$ 31,609,071	\$ 655,204	\$ 6,233,037	\$ 10,510	\$ (24,710,320)
Supporting Services:					
Students	808,047	-0-	250,908	-0-	(557,139)
Instructional staff	1,065,147	13,000	540,489	-0-	(511,658)
District administration	1,356,683	-0-	310,612	-0-	(1,046,071)
School administration	2,244,187	-0-	-0-	-0-	(2,244,187)
Business services	286,155	-0-	-0-	-0-	(286,155)
Operation and maintenance of facilities	5,021,680	-0-	6,750	101,455	(4,913,475)
Student transportation	3,886,835	27,000	29,975	444,643	(3,385,217)
Food services	2,892,694	441,257	1,380,045	-0-	(1,071,392)
Community services	80,952	-0-	-0-	-0-	(80,952)
Interest on long-term debt	<u>449,992</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(449,992)</u>
Total governmental activities	\$ <u>49,701,443</u>	\$ <u>1,136,461</u>	\$ <u>8,751,816</u>	\$ <u>556,608</u>	<u>(39,256,558)</u>
General revenues:					
Property taxes					14,047,254
Unrestricted state aid					25,537,803
Unrestricted investment earnings					316,883
Unrestricted grants and contributions					<u>1,100,671</u>
Total general revenues					<u>41,002,611</u>
Change in net assets					1,746,053
Net assets - beginning, as restated					<u>34,553,113</u>
Net assets -ending					\$ <u>36,299,166</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

<b>ASSETS</b>	General Current <u>Expense</u>	Special <u>Revenue</u>	Debt <u>Service</u>	Total Governmental <u>Funds</u>
Cash and cash equivalents	\$ 3,098,126	\$ -0-	\$ 30,505	\$ 3,128,631
Investments	1,465,681	-0-	1,365,592	2,831,273
Taxes receivable, net of allowance for uncollectible taxes of \$645,348	809,679	-0-	124,554	934,233
Food service receivables, net	-0-	78,135	-0-	78,135
Other receivables	550,395	-0-	-0-	550,395
Due from other governments:				
State aid receivable	223,391	7,285	-0-	230,676
PELA allocation receivable	652,982	-0-	-0-	652,982
Reimbursements receivable	-0-	672,612	-0-	672,612
Due from other funds	-0-	76,713	-0-	76,713
<b>Total assets</b>	<b>\$ <u>6,800,254</u></b>	<b>\$ <u>834,745</u></b>	<b>\$ <u>1,520,651</u></b>	<b>\$ <u>9,155,650</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Salaries payable and related payroll liabilities	\$ 3,337,463	\$ -0-	\$ -0-	\$ 3,337,463
PELA premiums payable	751,842	-0-	-0-	751,842
Accounts payable	382,937	24,117	-0-	407,054
Deferred revenue	599,130	567,231	71,856	1,238,217
Due to other funds	76,713	-0-	-0-	76,713
<b>Total liabilities</b>	<b><u>5,148,085</u></b>	<b><u>591,348</u></b>	<b><u>71,856</u></b>	<b><u>5,811,289</u></b>
 <b>Fund Balances:</b>				
Reserved for:				
Encumbrances	162,549	118,888	-0-	281,437
Debt service	-0-	-0-	1,448,795	1,448,795
Unreserved:				
Undesignated	1,489,620	124,509	-0-	1,614,129
<b>Total fund balances</b>	<b><u>1,652,169</u></b>	<b><u>243,397</u></b>	<b><u>1,448,795</u></b>	<b><u>3,344,361</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ <u>6,800,254</u></b>	 <b>\$ <u>834,745</u></b>	 <b>\$ <u>1,520,651</u></b>	 <b>\$ <u>9,155,650</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007**

Total fund balances - governmental funds	\$ 3,344,361
Amounts reported for governmental activities in the statement of net assets differ due to:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental fund financial statements.	86,631,258
Accumulated depreciation has not been included in the governmental fund financial statements.	(37,609,290)
Revenue reported as deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	673,986
Compensated absences are not reported in governmental fund financial statements.	(94,689)
Long-term liabilities for accrued sick leave are not reported in governmental fund financial statements.	(6,410,076)
Bonds payable are not reported in governmental fund financial statements.	(9,475,000)
Capital lease obligations are not reported in governmental fund financial statements.	(693,356)
Accrued interest payable is not reported in governmental fund financial statements.	<u>(68,028)</u>
Net assets of governmental activities	\$ <u>36,299,166</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007**

	General Current <u>Expense</u>	Special <u>Revenue</u>	Debt <u>Service</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 11,876,818	\$ -0-	\$ 1,707,735	\$ 13,584,553
Other local sources	1,137,728	527,514	97,467	1,762,709
State sources	25,537,803	1,685,171	-0-	27,222,974
Federal sources	<u>1,208,875</u>	<u>6,994,399</u>	<u>-0-</u>	<u>8,203,274</u>
<b>Total revenue</b>	<u>39,761,224</u>	<u>9,207,084</u>	<u>1,805,202</u>	<u>50,773,510</u>
<b>EXPENDITURES:</b>				
Instruction	24,317,506	5,730,043	-0-	30,047,549
Supporting services:				
Students	634,656	172,181	-0-	806,837
Instructional staff	600,159	462,569	-0-	1,062,728
Central administration	1,024,687	308,101	-0-	1,332,788
School administration	2,238,139	-0-	-0-	2,238,139
Business	292,881	-0-	-0-	292,881
Operation and maintenance of facilities	4,950,691	86,986	-0-	5,037,677
Student transportation	3,529,021	510,946	-0-	4,039,967
Food services	650	2,866,046	-0-	2,866,696
Community services	80,952	-0-	-0-	80,952
Debt Service:				
Principal retirement	-0-	-0-	1,110,392	1,110,392
Interest and fiscal charges	<u>-0-</u>	<u>-0-</u>	<u>457,563</u>	<u>457,563</u>
<b>Total expenditures</b>	<u>37,669,342</u>	<u>10,136,872</u>	<u>1,567,955</u>	<u>49,374,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,091,882</u>	<u>(929,788)</u>	<u>237,247</u>	<u>1,399,341</u>
Other financing sources (uses):				
Transfers	<u>(1,269,337)</u>	<u>1,211,895</u>	<u>57,442</u>	<u>-0-</u>
<b>Total other financing sources (uses)</b>	<u>(1,269,337)</u>	<u>1,211,895</u>	<u>57,442</u>	<u>-0-</u>
<b>Net change in fund balances</b>	<u>822,545</u>	<u>282,107</u>	<u>294,689</u>	<u>1,399,341</u>
Fund balances -beginning, as previously stated	829,624	636,622	1,154,106	2,620,352
Restatement of fund balance	<u>-0-</u>	<u>(675,332)</u>	<u>-0-</u>	<u>(675,332)</u>
Fund balances -beginning, as restated	<u>829,624</u>	<u>(38,710)</u>	<u>1,154,106</u>	<u>1,945,020</u>
<b>Fund balances - ending</b>	<b>\$ <u>1,652,169</u></b>	<b>\$ <u>243,397</u></b>	<b>\$ <u>1,448,795</u></b>	<b>\$ <u>3,344,361</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds \$ 1,399,341

Amounts reported for governmental activities in the statement of activities differ due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. The amount by which depreciation exceed capital outlays in the current year is as follows:

Depreciation	(2,191,403)
Capital outlays	867,121

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds financial statements. The effect is the amount of the increase over the prior year.	673,986
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Current year long-term debt principal payments (bonds payable and capital lease obligations) is an expenditure in governmental funds financial statements, but are shown as a reduction in long-term debt in government-wide financial statements.	1,110,392
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Compensated absences and accrued sick leave are reported as liabilities in government-wide financial statements, but are only reported in governmental funds financial statements to the extent they have matured. This is the amount by which compensated absences and accrued sick leave increased.	(120,955)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>7,571</u>
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Change in net assets of governmental activities	\$ <u>1,746,053</u>
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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2007**

	<b>Agency Funds School Activity Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>615,328</u>
<b>Total Assets</b>	\$ <u>615,328</u>
<b>LIABILITIES</b>	
Due to other funds	\$ <u>615,328</u>
<b>Total Liabilities</b>	\$ <u>615,328</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

Greenbrier County, West Virginia Board of Education (School Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the School Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The School Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

**B. District-wide and fund financial statements**

The district-wide financial statements (the statement of net assets and the statement of activities) display information about the School Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. District-wide and fund financial statements (continued)**

The fund financial statements provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

**General Current Expense Fund** - The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

**Special Revenue Fund** - The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the board for the acquisition of capital assets.

**Agency Funds** - Agency Funds are used to account for assets that the Board holds for others in an agency capacity. These include: Regional Education Service Agencies (RESA's) and multi-county vocational centers (MCVC's) for the purpose of providing high quality, cost effective educational programs and to provide vocational training, respectively, in which the County Board of Education serves as the fiscal agent; school activity funds to account for assets of the individual schools of the District, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the School District by a benefactor for the purpose of providing scholarships for graduates of the School District.

**C. Measurement Focus and Basis of Accounting**

The district-wide statements (Statement of Net Assets and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (continued)**

The governmental fund financial statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmaturing principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the School Board holds for others in an agency capacity.

**D. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. 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, 2007 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Investments (continued)**

Investments of the Board at June 30, 2007 consisted of the following:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
State Investment Pool	\$ 1,465,681	\$ 1,465,681
Municipal Bond Commission	<u>1,365,592</u>	<u>1,365,592</u>
<b>TOTAL</b>	<b>\$ <u>2,831,273</u></b>	<b>\$ <u>2,831,273</u></b>

Custodian credit risk is the risk that in event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short term investments that are less affected by changes in market rates as compared to long term investments.

At June 30, 2007, the Board has \$1,365,592 invested with the West Virginia Municipal Bond Commission. Pool investments of the Municipal Bond Commission are held in a government money market with the WV Board of Treasury Investments Consolidated Fund.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Exposure to credit risk in the government money market pool is limited to U. S. Treasury issues and U.S. Government Agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The Board's investments in the Consolidated Fund pool and related accounts have not been rated for credit risk by any organization.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. West Virginia statutes prohibit the Consolidated Fund Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2007, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the Government Money Market Pool within the Consolidated Fund Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Food Service Receivables**

The accounts receivable for the Food Service Program has been reduced by \$33,702 for uncollectible accounts. The allowance for uncollectible accounts was calculated based upon historical data maintained by the Board.

**G. Interfund Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**H. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements, furniture and equipment, and vehicles are reported in the district-wide financial statements. The board defines capital assets as assets with an initial, individual cost of \$5,000 or more for land and improvements, furniture and equipment, and vehicles and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Land improvements, buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Land improvements	10 - 40
Furniture and equipment	5 - 20
Vehicles	8 - 12

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Compensated Absences and Special Termination Benefits**

**Compensated Absences:**

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to thirty-six days and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of cash payment at retirement, an employee can elect to use accumulated annual leave toward their post employment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

**Special Termination Benefits:**

When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board.

The payment of health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia State Legislature appropriates funds that are used by the Board to pay for its obligations for this special termination benefit. Because such appropriations are at the discretion of the Legislature and not guaranteed, the liability for sick leave convertible to health insurance premiums using the vesting method is recorded in the Board's financial statements. The liability is being reported utilizing the guidance of GASB Statement 16. However, this liability should be recorded utilizing the guidance of GASB Statements 43 and 45 when these statements become effective in fiscal year 2008.

**J. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Capital lease payments are reported in the general current expense or special revenue fund.

**K. Restricted Net Assets**

For the district-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent that portion of fund equity committed by official Board action for specific purposes.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Elimination and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**N. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**O. Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**P. Recent Accounting Statements**

In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions. This statements establishes accounting and reporting for other post employment benefits (OPEB) expense/expenditures and related OPEB assets or liabilities, note disclosures, and required supplementary information in the financial statements of state and local governments. The Board intends to adopt the provisions of this statement for the year ended June 30, 2008.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. 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. Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to state statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgets and Budgetary Accounting (continued)**

2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2007, expenditures exceeded appropriations in the funds listed at the function level, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

Special Revenue Fund:

<u>Function</u>	<u>Amount</u>
Food Service	\$ 117,986

The over expenditure in this program was funded by a reduction of expenditures in the remaining instructional programs.

Debt Service Fund:

<u>Function</u>	<u>Amount</u>
Interest and fiscal charges	\$ 13,963

The over expenditure in this program was funded by a reduction of expenditures in the remaining functional expenditures, available beginning fund balance, and revenues received in excess of the anticipated amounts budgeted.

**NOTE 3 - CHANGE IN ACCOUNTING POLICY**

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 34: For the year ended June 30, 2007, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosure, and GASB Statement No. 33, Accounting and Financial Reporting for Certain Shared Nonexchange Revenues. These statements establish standards for external financial reporting for state and local governments. GASB Statement No. 34 reports equity as "net assets" rather than "fund balance". Net assets are classified into four categories according to the availability of assets for satisfaction of Board obligations. The Board's net assets are classified as follows:

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 3 - CHANGE IN ACCOUNTING POLICY (CONTINUED)**

- **Invested in capital assets, net of related debt** - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.
- **Restricted net assets, expendable** - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including amounts deposited with trustees as required by revenue bond indentures.
- **Restricted net assets, nonexpendable** - This includes endowment and similar type funds on which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2007.
- **Unrestricted net assets** - This represents resources derived from other than capital assets or restricted net assets. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

As a result of the adoption of GASB Statement No. 34, and related statements and the conversion of the financial statements from the statutory basis of accounting prescribed or permitted by the West Virginia Department of Education to accounting principles generally accepted in the United States of America, beginning net assets as reconciled from beginning fund balance, was restated. Such effects of the restatement are as follows:

Total governmental fund types fund balances -	
July 1, 2006, as previously reported	\$ 2,620,352
Restatement of beginning fund balance for revenue recognized	
in 2006 from special projects which was not earned	<u>(675,332)</u>
Total fund balances - July 1, 2006, as restated	1,945,020
Adjustments to reconcile fund balances to net assets - July 1, 2006:	
Capital assets, net of accumulated depreciation of \$35,417,887	50,346,250
Bonds Payable	(10,520,000)
Accrued interest payable	(75,599)
Capital lease payable	(758,748)
Compensated absences	(110,444)
Accrued sick leave payable	<u>(6,273,366)</u>
Total net assets, July 1, 2006	\$ <u>34,553,113</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 3 - CHANGE IN ACCOUNTING POLICY (CONTINUED)**

For the year ended June 30, 2007, the Board also implemented GASB Statement No. 40 Deposit and Investment Risk Disclosures, which updated the credit risk and disclosure requirements of GASB Statement No. 3, and established more comprehensive disclosure requirements, addressing interest rate risk and concentration of credit risk of the deposits and investments of state and local governments. The implementation of this statement resulted in additional disclosure relating to cash and investments.

**NOTE 4 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

**Board of Risk and Insurance Management (BRIM):** The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first \$2 million per property event and purchases excess insurance on losses above that level. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**Public Employees Insurance Agency (PEIA):** The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs is limited to \$1 million life time for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

**Workers Compensation Fund (WCF):** West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2008 and to government employers July 1, 2012. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 5 - PROPERTY TAXES**

All property in the State is classified as follows for ad valorem tax purposes:

- Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.
- Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III All real and personal property situated outside of municipalities, exclusive of Classes I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I 22.95¢ per \$100 of assessed valuation; Class II 45.90¢ per \$100 of assessed valuation; Class III 91.80¢ per \$100 of assessed valuation; and Class IV 91.80¢ per \$100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessor's Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2007 were:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	\$ 11,657,101	20.05¢	11.475¢	3.99¢
Class II	\$ 522,022,767	40.10¢	22.95¢	7.98¢
Class III	\$ 573,643,881	80.20¢	45.90¢	15.96¢
Class IV	\$ 194,881,839	80.20¢	45.90¢	15.96¢

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 5 - PROPERTY TAXES (CONTINUED)**

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distraint 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.

**NOTE 6 - EXCESS LEVY**

The Board had an excess levy in effect during the fiscal year ended June 30, 2007. The levy was authorized by the voters of the county at an election held on December 6, 2003 for the fiscal years ending June 30, 2005 through June 30, 2009 to provide funds for the following purposes:

- A. To provide free textbooks and workbooks in grades K - 12 as approved by Board in the annual approximate amount of \$350,000.
- B. To provide supplies used in transportation, tires, oil, gasoline, tools and equipment for buses and maintenance vehicles in the annual approximate amount of \$600,000.
- C. To provide funds to facilitate the employment of school secretaries in the annual approximate amount of \$100,000.
- D. To provide funds for support of salaries for all school personnel in the annual approximate amount of \$500,000.
- E. To provide school allotments and supplies in the annual approximate amount of \$150,000.
- F. To provide capital improvements including repair and maintenance of buildings and utilities in the annual approximate amount of \$1,691,475.

In the event that sufficient state, federal or other special funds become available to provide monies for any of the above purposes, levy monies specified for these purposes may be used for the general operation of the school system.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 6 - EXCESS LEVY (CONTINUED)**

In addition, the Board of Education is authorized and empowered to expend at the end of each fiscal year, during the term of this levy, the surplus, if any, occurring in excess of the amount needed for any of the above stated purposes for the enrichment, supplementation, and advancement of all education programs in Greenbrier County, and other purposes pertinent to the operation of the schools of the county according to the orders of the Greenbrier County Board of Education.

A total of \$4,818,741 was received by the Board from the excess levy during the fiscal year ended June 30, 2007.

**NOTE 7 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2007, is as follows:

**Capital Assets**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,448,958	\$ -0-	\$ -0-	\$ 3,448,958
Construction in progress	<u>-0-</u>	<u>28,771</u>	<u>-0-</u>	<u>28,771</u>
Total non-depreciable capital assets	<u>3,448,958</u>	<u>28,771</u>	<u>-0-</u>	<u>3,477,729</u>
Capital assets, being depreciated:				
Land improvements	3,504,794	22,955	-0-	3,527,749
Buildings and improvements	65,181,766	128,063	-0-	65,309,829
Furniture and equipment	9,128,803	168,044	-0-	9,296,847
Vehicles	<u>4,499,816</u>	<u>519,288</u>	<u>-0-</u>	<u>5,019,104</u>
Total depreciable capital assets	<u>82,315,179</u>	<u>838,350</u>	<u>-0-</u>	<u>83,153,529</u>
Accumulated depreciation for:				
Land improvements	1,939,190	104,313	-0-	2,043,503
Buildings and improvements	23,013,027	1,394,734	-0-	24,407,761
Furniture and equipment	6,849,484	419,266	-0-	7,268,750
Vehicles	<u>3,616,186</u>	<u>273,090</u>	<u>-0-</u>	<u>3,889,276</u>
Total accumulated depreciation	<u>35,417,887</u>	<u>2,191,403</u>	<u>-0-</u>	<u>37,609,290</u>
Total depreciable capital assets, net	<u>46,897,292</u>	<u>(1,353,053)</u>	<u>-0-</u>	<u>45,544,239</u>
Total capital assets, net	<u>\$ 50,346,250</u>	<u>\$ (1,324,282)</u>	<u>\$ -0-</u>	<u>\$ 49,021,968</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

**Depreciation Expense**

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 1,733,206
Supporting Services:	
District administration	99,148
Business	1,225
Operation and maintenance of facilities	17,439
Transportation	310,948
Food Services	<u>29,437</u>
 Total Depreciation Expense	 <u>\$ 2,191,403</u>

**NOTE 8 - LONG TERM DEBT**

Long-term liability activity for the year ended June 30, 2007 is as follows:

General Obligation Bonds - General Obligations Bonds payable at June 30, 2007, with their outstanding balance are comprised of the following individual issues:

<u>Description</u>	<u>Outstanding Balance at June 30, 2007</u>
Public School Bonds, Series 1997	\$ 3,520,000
Public School Bonds, Series 2002	<u>5,955,000</u>
Total	<u>\$ 9,475,000</u>

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of year</u>	<u>Amounts due within one year</u>	<u>Amounts due past one year</u>
<b>Bonds Payable</b>						
General Obligation Debt	\$10,520,000	\$ -0-	\$1,045,000	\$ 9,475,000	\$1,100,000	\$ 8,375,000
<b>Other Liabilities</b>						
Compensated absences	110,444	-0-	15,755	94,689	3,513	91,176
Accrued sick leave	6,273,366	136,710	-0-	6,410,076	237,814	6,172,262
Capital Leases Payable	<u>758,699</u>	<u>-0-</u>	<u>65,343</u>	<u>693,356</u>	<u>67,482</u>	<u>625,874</u>
Long-term liabilities	<u>\$17,662,509</u>	<u>\$136,710</u>	<u>\$1,126,098</u>	<u>\$16,673,121</u>	<u>\$1,408,809</u>	<u>\$15,264,312</u>

The above additions/deductions presentation for compensated absences and accrued sick leave is reported at net since the information is not currently available to report at gross. The difference is not considered to be material.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 8 - LONG TERM DEBT (CONTINUED)**

The board's future debt service requirements for bonded debt is as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,100,000	\$ 408,170	\$ 1,508,170
2009	1,160,000	360,295	1,520,295
2010	1,225,000	307,295	1,532,295
2011	1,295,000	251,295	1,546,295
2012	1,365,000	192,045	1,557,045
2013 - 2017	<u>3,330,000</u>	<u>430,505</u>	<u>3,760,505</u>
TOTAL	\$ <u>9,475,000</u>	\$ <u>1,949,605</u>	\$ <u>11,424,605</u>

**Bond Issue of 1997:**

In March, 1997, the Board issued \$8,000,000 in General Obligation Bonds to provide funds to construct Western Greenbrier Junior High School. The Bonds mature in varying annual increments through May 1, 2012 and interest is payable semi-annually at rates varying from 4.0% to 5.0%. Payments on the General Obligation Bonds payable during the year were made from the debt service fund.

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2007, including interest payments, are listed as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 625,000	\$ 168,100	\$ 793,100
2009	660,000	136,850	796,850
2010	700,000	103,850	803,850
2011	745,000	68,850	813,850
2012	<u>790,000</u>	<u>31,600</u>	<u>821,600</u>
TOTAL	\$ <u>3,520,000</u>	\$ <u>509,250</u>	\$ <u>4,029,250</u>

Total bonded indebtedness at July 1, 2006	\$ 4,110,000
Issuances	-0-
Maturities	<u>(590,000)</u>
Total Bonded indebtedness at June 30, 2007	\$ <u>3,520,000</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 8 - LONG TERM DEBT (CONTINUED)**

Bond issue of 2002:

In May, 2002, the Board issued \$8,000,000 in General Obligation Bonds to provide funds to construct Ronceverte Elementary School. The bonds mature in varying annual increments through May 1, 2017 and interest is payable semi-annually at rates varying from 3.25% to 4.30%. Payment on the General Obligation Bonds payable during the year were made from the Debt Service Fund.

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2007, including interest payments, are listed as follows:

<u>Year Ending June 30,</u>	\$ 475,000	\$ 240,070	\$ 715,070
2008	500,000	223,445	723,445
2009	525,000	203,445	728,445
2010	550,000	182,445	732,445
2011	575,000	160,445	735,445
2012	605,000	137,445	742,445
2013	635,000	113,245	748,245
2014	665,000	87,845	752,845
2015	695,000	60,580	755,580
2016	<u>730,000</u>	<u>31,390</u>	<u>761,390</u>
2017	<u>\$ 5,955,000</u>	<u>\$ 1,440,355</u>	<u>\$ 7,395,355</u>
TOTAL			\$ 6,410,000
			-0-
Total bonded indebtedness at July 1, 2006			<u>(455,000)</u>
Issuances			<u>\$ 5,955,000</u>
Maturities			
Total Bonded indebtedness at June 30, 2007			

Of the total amount required to amortize all General Obligation Bonds outstanding as of June 30, 2007, including interest payments, the following summarizes the current and long-term portions:

Total bonds payable at June 30, 2007	\$ 9,475,000
Less: Current portion	<u>(1,100,000)</u>
Long-term bonds payable	<u>\$ 8,375,000</u>

**NOTE 9 - LEASES**

The Board has entered into a capital lease - purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of Qualified Zone Academy Bonds (QZAB). The funding was used for renovations at Greenbrier East High School and that asset is leased from Bank of America for a period of fourteen years beginning April 1, 2002. At the end of the contract period, the Board will have ownership of the project. By contract, the Board has the option of discontinuing the lease purchase and returning the project at the end of any fiscal year, if funding for the lease payment for the next fiscal year is not available.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 9 - LEASES (CONTINUED)**

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2007 for the Board's capital lease:

<u>Year Ending June 30.</u>	<u>Amount</u>
2008	\$ 67,482
2009	69,692
2010	71,973
2011	74,330
2012	76,764
2013	79,277
2014	81,873
2015	84,554
2016	<u>87,411</u>
Total minimum lease payments	693,356
Less: Amount representing interest	<u>-0-</u>
Present value of net minimum lease payments	\$ <u>693,356</u>

The above schedule includes the interest earning factor on the escrow account related to the QZAB.

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM**

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System or the Teachers' Defined Contribution Retirement System. For the year ended June 30, 2007, the Board's total payroll for all employees was \$28,355,154 and the payroll was \$26,436,570 for employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA totaling \$2,372,751) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Trend Information: Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Conversion of Leave for Post-Retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit is the liability of the West Virginia Consolidated Public Retirement Board while the payment of health insurance premiums must be absorbed by the last agency employing the retiree.

**Teachers' Defined Benefit Retirement System:**

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple employer public employee defined benefit retirement system which was established on July 1, 1941 and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average of the member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% joint and survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding Status: According to the 2006 actuarial valuation report of the Teachers Retirement System, the Plan's actual unfunded liability was \$4.7 billion as of July 1, 2006.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board of Education contributes 15% of covered members' gross compensation to the Retirement Plan for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the Board of Education contributes 7.5% of covered member's gross compensation to the retirement plan, for a total of 13.5% annually.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**Teachers' Defined Benefit Retirement System: (Continued)**

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

The required contributions for the year ended June 30, 2007 and the two previous years are as follows:

<u>Year ended June 30</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Required contributions	\$ 334,533,000	\$ 339,815,000	\$ 327,068,000
As a % of current year covered payroll	23.66%	23.83%	23.50%

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 2007 were:

Employees' contributions (6%)	\$ 869,761
Employer's contributions (15% or 7.5%)	<u>2,043,269</u>
Total contributions	\$ <u>2,913,030</u>

**Teachers' Defined Contribution Retirement System:**

**Plan Description:** All board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teacher's Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. A merger whereby the Defined Contribution Plan would cease to exist and all assets and members be transferred into the Defined Benefit Plan was slated to occur on July 1, 2006. However, that merger was ruled unconstitutional and is now being appealed by the CPRB.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at the beginning of each calendar quarter. Seven investment options are provided from which a participant may choose in multiples of five percent. The investment options are: Vanguard Money Market Fund, Bond Fund of America, Franklin Income Fund, Fidelity Growth Opportunities, Washington Mutual Investors, Federated Max - Cap, and VALIC Individually Allocated Fixed Annuity.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**Teachers' Defined Contribution Retirement System (Continued)**

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2006, this plan had approximately \$748.3 million in net assets for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Milliman & Robertson, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the defined contribution plan for fiscal year 2007 were:

Employees' contributions (4.5%)	\$ 537,330
Employer's contributions (7.5%)	<u>895,548</u>
Total contributions	\$ <u>1,432,878</u>

**NOTE 11 - PENDING LITIGATION**

The Board is involved in a number of legal proceedings and claims, involving students, employees, and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a materially adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 12 - RESTATEMENT OF BEGINNING FUND BALANCE**

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

	<u>Special Revenue Fund</u>
Fund balance at June 30, 2006, as previously stated	\$ 636,622
Total adjustments (See Below)	(675,332)
Fund balance at June 30, 2006, restated	\$ <u>(38,710)</u>

The adjustment consisted of the following:

**Special Revenue Fund:**

Revenue was recognized in 2006 from special projects which was not earned. Had the error not been made, the excess of revenues and other financing sources over expenditures and other uses for 2006 would have been decreased by \$675,332.

**NOTE 13 - SUBSEQUENT EVENTS**

The Board was awarded a \$387,125 grant from the School Building Authority on July 1, 2007 for renovations to Frankford Elementary School. The total cost of the project is estimated to be \$455,441.

**NOTE 14 - INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2007 is as follows:

**Due To/From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue	General Current Expense	\$ 76,713
Total		\$ <u>76,713</u>

During the year ended June 30, 2007, the general current expense fund transferred \$1,269,337 to other funds.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 14 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**Interfund Transfers:**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Special Revenue	General Current Expense	\$ 1,211,895
Debt Service	General Current Expense	57,442

Transfers within the reporting entity are primarily for the purpose of subsidizing operations on a routine basis.

**NOTE 16 - MAJOR SOURCES OF REVENUE**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL CURRENT EXPENSE FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES:</b>				
Property taxes	\$ 11,464,770	\$ 11,826,770	\$ 11,876,818	\$ 50,048
Other local sources	328,500	1,056,420	1,137,728	81,308
State sources	25,313,760	25,533,981	25,537,803	3,822
Federal sources	960,000	1,217,605	1,208,875	(8,730)
<b>TOTAL REVENUES</b>	<u>38,067,030</u>	<u>39,634,776</u>	<u>39,761,224</u>	<u>126,448</u>
<b>EXPENDITURES:</b>				
Instruction	24,382,400	24,457,284	24,317,506	139,778
Supporting services:				
Students	500,230	653,703	634,656	19,047
Instructional staff	497,350	606,119	600,159	5,960
Central administration	915,870	1,033,492	1,024,687	8,805
School administration	2,267,970	2,244,979	2,238,139	6,840
Business	270,430	297,923	292,881	5,042
Operation and maintenance of facilities	4,845,940	4,961,019	4,950,691	10,328
Transportation	3,513,770	3,752,059	3,529,021	223,038
Food Service	-	1,250	650	600
Community services	60,950	80,952	80,952	-
Reserve for contingencies	355,400	1,253,901	-	1,253,901
<b>TOTAL EXPENDITURES</b>	<u>37,610,310</u>	<u>39,342,681</u>	<u>37,669,342</u>	<u>1,673,339</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>456,720</u>	<u>292,095</u>	<u>2,091,882</u>	<u>1,799,787</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	(1,056,720)	(1,116,720)	(1,269,337)	(152,617)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,056,720)</u>	<u>(1,116,720)</u>	<u>(1,269,337)</u>	<u>(152,617)</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES</b>	(600,000)	(824,625)	822,545	1,647,170
<b>FUND BALANCE - JULY 1, 2006</b>	<u>600,000</u>	<u>824,625</u>	<u>829,624</u>	<u>4,999</u>
<b>FUND BALANCE - JUNE 30, 2007</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,652,169</u>	\$ <u>1,652,169</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local sources	\$ 454,550	\$ 541,057	\$ 527,514	\$ (13,543)
State sources	1,501,780	1,810,316	1,685,171	(125,145)
Federal sources	<u>5,802,010</u>	<u>7,544,180</u>	<u>6,994,399</u>	<u>(549,781)</u>
<b>TOTAL REVENUES</b>	<u>7,758,340</u>	<u>9,895,553</u>	<u>9,207,084</u>	<u>(688,469)</u>
<b>EXPENDITURES:</b>				
Instruction	4,795,480	6,630,819	5,730,043	900,776
Supporting services:				
Students	-0-	195,149	172,181	22,968
Instructional staff	713,990	730,263	462,569	267,694
Central administration	106,990	337,571	308,101	29,470
Operation and maintenance of facilities	-0-	301,704	86,986	214,718
Transportation	444,640	522,595	510,946	11,649
Food services	2,696,520	2,748,060	2,866,046	(117,986)
Community Services	-0-	1,551	-0-	1,551
<b>TOTAL EXPENDITURES</b>	<u>8,757,620</u>	<u>11,467,712</u>	<u>10,136,872</u>	<u>1,330,840</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<u>(999,280)</u>	<u>(1,572,159)</u>	<u>(929,788)</u>	<u>642,371</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	<u>999,280</u>	<u>1,093,607</u>	<u>1,211,895</u>	<u>118,288</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>999,280</u>	<u>1,093,607</u>	<u>1,211,895</u>	<u>118,288</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES</b>	-0-	(478,552)	282,107	760,659
<b>FUND BALANCE - JULY 1, 2006, AS RESTATED</b>	<u>-0-</u>	<u>478,552</u>	<u>(38,710)</u>	<u>(517,262)</u>
<b>FUND BALANCE - JUNE 30, 2007</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>243,397</u>	\$ <u>243,397</u>

**OTHER SUPPLEMENTARY INFORMATION**

**GREENBRIER COUNTY, WEST VIRGINIA**  
**BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 1,500,600	\$ 1,500,600	\$ 1,707,735	\$ 207,135
Other local sources	<u>250</u>	<u>250</u>	<u>97,467</u>	<u>97,217</u>
<b>TOTAL REVENUES</b>	<u>1,500,850</u>	<u>1,500,850</u>	<u>1,805,202</u>	<u>304,352</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	1,114,690	1,114,690	1,110,392	4,298
Interest and fiscal charges	<u>443,600</u>	<u>443,600</u>	<u>457,563</u>	<u>(13,963)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,558,290</u>	<u>1,558,290</u>	<u>1,567,955</u>	<u>(9,665)</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<u>(57,440)</u>	<u>(57,440)</u>	<u>237,247</u>	<u>294,687</u>
<b>OTHER FINANCIAL SOURCES (USES):</b>				
Transfers	<u>57,440</u>	<u>57,440</u>	<u>57,442</u>	<u>2</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>57,440</u>	<u>57,440</u>	<u>57,442</u>	<u>2</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	-0-	-0-	294,689	294,689
<b>FUND BALANCE - JULY 1, 2006</b>	<u>-0-</u>	<u>-0-</u>	<u>1,154,106</u>	<u>1,154,106</u>
<b>FUND BALANCE - JUNE 30, 2007</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,448,795</u>	<u>\$ 1,448,795</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS  
YEAR ENDED JUNE 30, 2007**

	Cash Balance <u>7/1/06</u>	Revenues <u>Received</u>	Expenditures <u>Paid</u>	Cash Balance <u>6/30/07</u>
<b>High Schools:</b>				
Greenbrier East High School	\$ 109,387	\$ 557,584	\$ 572,165	\$ 94,806
Greenbrier West High School	<u>32,550</u>	<u>169,291</u>	<u>166,512</u>	<u>35,329</u>
<b>Total high schools</b>	<u>141,937</u>	<u>726,875</u>	<u>738,677</u>	<u>130,135</u>
<b>Middle and Junior High Schools:</b>				
Eastern Greenbrier Middle School	86,726	108,878	105,325	90,279
Western Greenbrier Middle School	<u>56,782</u>	<u>89,817</u>	<u>98,826</u>	<u>47,773</u>
<b>Total middle and junior high schools</b>	<u>143,508</u>	<u>198,695</u>	<u>204,151</u>	<u>138,052</u>
<b>Elementary Schools:</b>				
Crichton Elementary School	20,603	15,963	17,378	19,188
Rainelle Elementary School	35,031	43,835	33,995	44,871
Rupert Elementary School	24,812	20,978	21,080	24,710
Smoot Elementary School	51,157	66,220	40,629	76,748
Williamsburg Elementary School	9,761	7,982	14,672	3,071
Alderson Elementary School	35,264	38,519	32,634	41,149
Frankford Elementary School	42,113	23,594	29,517	36,190
Lewisburg Elementary School	21,430	47,184	42,075	26,539
Ronceverte Elementary School	36,361	39,016	32,379	42,998
White Sulpher Springs Elementary School	<u>24,690</u>	<u>59,235</u>	<u>52,248</u>	<u>31,677</u>
<b>Total elementary schools</b>	<u>301,222</u>	<u>362,526</u>	<u>316,607</u>	<u>347,141</u>
<b>Total</b>	<b>\$ <u>586,667</u></b>	<b>\$ <u>1,288,096</u></b>	<b>\$ <u>1,259,435</u></b>	<b>\$ <u>615,328</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Pass-through West Virginia			
Department of Education:			
School Breakfast Program	10.553	88	\$ 272,959
National School Lunch Program	10.555	49 & 88	897,149
Summer Food Service Program	10.559	88	<u>36,186</u>
Child Nutrition Cluster Subtotal			1,206,294
Pass-through West Virginia			
Department of Education:			
Leading the change	10.574	88	5,109
Pass-through West Virginia			
Department of Agriculture:			
Food Distribution	10.550	88	130,907
Pass-through West Virginia			
Office of the State Auditor:			
Schools and roads - grants to state	10.665	N/A	<u>150,330</u>
Total U.S. Department of Agriculture			<u>1,492,640</u>
<b>U.S. Department of Education</b>			
Special Education Cluster			
Pass-through West Virginia			
Department of Education:			
Idea Part B-School Age	84.027	43	1,495,394
Idea Part B-Preschool	84.173	43	<u>77,654</u>
Special Education Cluster Subtotal			1,573,048

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education</b>			
<b>Pass-through West Virginia</b>			
<b>Department of Education:</b>			
Title II Teacher and Principal Training	84.367	40	423,216
Title I	84.010	41	1,828,025
Title I	84.332	41	84,505
Title V	84.298	42	12,810
Katrina-General Education	84.938	49	9,000
Vocational Education	84.048	50	105,258
Homeless Children and Youth	84.196	54	21,024
Enhancing Education Through Technology	84.318	58	44,208
Rural Education	84.358	59	129,843
Adult Education	84.002	61	<u>64,818</u>
Total U.S. Department of Education			<u>4,295,755</u>
<b>U.S. Department of Health and Human Services</b>			
Head Start	93.600	32	940,767
<b>Pass-through West Virginia</b>			
<b>Department of Education:</b>			
Learn and serve America	94.004	44	<u>1,668</u>
Total U.S. Department of Health and Human Services			<u>942,435</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>6,730,830</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Greenbrier County, West Virginia Board of Education and is prepared in conformity with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**NOTE 2 - NON-CASH ASSISTANCE**

Greenbrier County, West Virginia Board of Education's non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of \$130,907 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2007.

**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

# Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
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Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

We have audited the financial statements of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements and have issued our report thereon dated March 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Greenbrier County, West Virginia Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greenbrier County, West Virginia Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Greenbrier

County, West Virginia Board of Education's financial statements that is more than inconsequential will not be prevented or detected by Greenbrier County, West Virginia Board of Education's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-1 through 07-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Greenbrier County, West Virginia Board of Education's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-3 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenbrier County, West Virginia Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted one matter that we reported to management of Greenbrier County, West Virginia Board of Education in a separate letter dated March 8, 2008.

Greenbrier County, West Virginia Board of Education's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Greenbrier County, West Virginia Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Greenbrier County, West Virginia Board Members, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Warr & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

# Ware & Hall, PLLC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

### Compliance

We have audited the compliance of Greenbrier County, West Virginia Board of Education, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Greenbrier County, West Virginia Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greenbrier County, West Virginia Board of Education's management. Our responsibility is to express an opinion on Greenbrier County, West Virginia Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greenbrier County, West Virginia Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Greenbrier County Board of Education's compliance with those requirements.

In our opinion, Greenbrier County, West Virginia Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Greenbrier County, West Virginia Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greenbrier County, West Virginia Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greenbrier County, West Virginia Board of Education's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Greenbrier County, West Virginia Board of Education Board Members, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ware & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**



# Greenbrier County Schools

*John D. Curry, Superintendent*

March 8, 2008

Ware, & Hall, PLLC.  
PO Box 819  
Huntington, WV 25712-0819  
Attn: Dan Ware

Dear Sirs, please let this letter serve as documentation of our prior year audit findings and their respective status. Our responses are as follows:

**Finding # 1 06-1 Reconciliation of Accounting Records to Supporting Information:**

**Condition:** During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Certain checks were reported twice on the outstanding check listing which resulted in cash being understated by approximately \$ 42,500. In addition, employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2006. Thus, the year end liability was overstated by approximately \$ 163,700.

**Criteria:** Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

**Effect:** The error in the reconciliation resulted in inaccurate financial reporting.

**Recommendation:** Review and re-evaluate the year end account reconciliation procedures.

A reconciliation finding was also noted in the prior year audit.

**Response:** This process has improved from the prior year. A better understanding and handling of outstanding checks have been recognized. Continued improvements will be made in the year end reconciliation processes going forward.

**Finding # 2 06-2 Employee Attendance Records:**

**Condition:** During our audit, we noted numerous instances where employee attendance records did not contain documentation evidence of approval by the employee or their supervisor.

**Criteria:** Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

**Effect:** Failure to obtain signatures of the employee and their supervisor on the attendance could result in payment of time not actually worked by the employee.

**Recommendation:** Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

**Response:** The treasurer has reminded all building principals that employees are required to indicate the accuracy of their time reporting by initialing the time sheets for each location; in addition the building principal is to also sign off on the work report. New time reporting sheets have been implemented for FY 08, and seem to be functioning better than past. Continued efforts are being made to fully implement the Substitute Calling System with WVEIS for payroll reporting as this problem should also help all eviate the finding.

Respectfully submitted,



David A. McClure  
Treasurer

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**A. SUMMARY OF AUDITOR'S RESULTS**

- 1) The independent auditor's report expresses an unqualified opinion on the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 2) Three significant deficiencies were identified during the audit of the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007. Significant deficiency 07-3 was considered to be a material weakness.
- 3) No instances of noncompliance material to the financial statements of Greenbrier County, West Virginia Board of education for the year ended June 30, 2007 were noted during the audit.
- 4) No significant deficiencies were identified during the audit of the major federal award programs of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 5) The independent auditor's report on compliance for the major federal award programs for Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007 expresses an unqualified opinion on all major federal programs.
- 6) No audit findings were identified which are required to be reported under § .510(a) of OMB Circular A-133.
- 7) The following programs were tested as major programs:

<u>Program</u>	<u>CFDA #</u>
U.S. Department of Education	
Special Education Cluster	
Pass-through West Virginia	
Department of Education	
Idea Part B - School Age	84.027
Idea Part B - Preschool	84.173
Pass-through West Virginia	
Department of Education	
Title I	84.010
Rural Education	84.358
Title II	84.367

- 8) The threshold for distinguishing Type A and B Programs was the greater of \$300,000 or 3% of total federal awards expended by Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 9) Greenbrier County, West Virginia Board of Education has not qualified as a low-risk auditee under § .530 of OMB Circular A-133 for the year ended June 30, 2007.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

■ **Significant Deficiencies**

**07-1 Reconciliation of Accounting Records to Supporting Information**

Condition: During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2007. Thus, the year end cash balance and benefits payable liability were overstated by approximately \$171,000.

Criteria: Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

Effect: The error in the reconciliations resulted in inaccurate financial reporting.

Recommendation: Review and re-evaluate the year end account reconciliation procedures.

This finding was also noted in the prior year audit.

**07-2 Employee Attendance Records**

Condition: During our audit, we noted numerous instances where employee attendance records did not contain documentational evidence of approval by the employee or their supervisor.

Criteria: Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

Effect: Failure to obtain signatures of the employee and their supervisor on the attendance records could result in payment for time not actually worked by the employee.

Recommendation: Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

This finding was also noted in the prior year audit.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

**07-3 Basis of Accounting**

**Condition:** During the fiscal year ended June 30, 2007, the Board changed from a statutory basis of accounting prescribed by the West Virginia Department of Education to accounting principles generally accepted in the United States of America inclusive of adoption of GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In connection therewith, we noted errors in the recording and reporting of certain transactions required to convert to the new basis of accounting.

**Criteria:** Internal controls should be suitably designed and operated to ensure that transactions are properly recorded and reported in accordance with generally accepted accounting principles.

**Effect:** Management has not provided financial statements presented in accordance with generally accepted accounting principles.

**Recommendation:** Review procedures should be strengthened to ensure that transactions are recorded completely, timely and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

■ **Noncompliance Findings**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

■ **Significant Deficiencies**

None

■ **Noncompliance Findings**

None

**CORRECTIVE ACTION PLAN**



# Greenbrier County Schools

*John D. Curry, Superintendent*

March 8, 2008

Ware, & Hall, PLLC.  
PO Box 819  
Huntington, WV 25712-0819  
Attn: Dan Ware

Dear Sirs, please let this letter serve as documentation of our corrective action plan concerning the three audit findings noted in the audit of our financial records for Fiscal Year End June 30, 2007. Our responses are as follows:

**Finding # 1 07-1 Reconciliation of Accounting Records to Supporting Information:**

**Condition:** During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2007. Thus the year end cash benefits payable liability was overstated by approximately \$ 171,000.

**Criteria:** Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

**Effect:** The error in the reconciliation resulted in inaccurate financial reporting.

**Recommendation:** Review and re-evaluate the year end account reconciliation procedures.

The finding was also noted in the prior year audit.

**Response:** Continued improvement will be made to eliminate these types of findings in the future. In an effort to correct prior year findings, the payable was inadvertently included on the cash reconciliation, thus both overstating the asset and liability accounts.

**Finding # 2 06-2 Employee Attendance Records:**

**Condition:** During our audit, we noted numerous instances where employee attendance records did not contain documentation evidence of approval by the employee or their supervisor.

**Criteria:** Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

**Effect:** Failure to obtain signatures of the employee and their supervisor on the attendance could result in payment of time not actually worked by the employee.

**Recommendation:** Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

The finding was also noted in the prior year audit.

**Response:** The treasurer will remind all building principals that employees are required to indicate the accuracy of their time reporting by initialing the time sheets for each location; in addition the building principal is to also sign off on the work report. New time reporting sheets have been implemented for FY 08, and seem to be functioning better than past. Continued efforts are being made to fully implement the Substitute Calling System with WVEIS for payroll reporting as this problem should also help alleviate the finding.

**Finding # 3 07-3 Basis of Accounting:**

**Condition:** During the fiscal year ended June 30, 2007, the Board changed from a statutory basis of accounting prescribed by the West Virginia Department of Education to accounting principles generally accepted in the United States of America inclusive of adoption of GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In connection therewith, we noted errors in the recording and reporting certain transactions required to convert to the new basis of accounting.

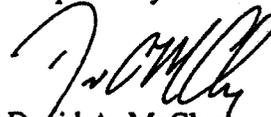
**Criteria:** Internal controls should be suitably designed and operated to ensure that transactions are properly recorded and reported in accordance with generally accepted accounting principles.

**Effect:** Management has not provided financial statements presented in accordance with generally accepted accounting principles.

**Recommendation:** Review procedures should be strengthened to ensure that transactions are recorded completely, timely and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

**Responses:** Continued emphasis will be placed to ensure that the financial statements are presented accurately and as prescribed by generally accepted accounting principles. As full implementation of GASB 34 occurred it also changed the timing of certain revenue recognition principles. Continued emphasis will be made to ensure accurate reporting and compliance with these recognition principals.

Respectfully submitted,



David A. McClure  
Treasurer

**Ware & Hall, PLLC**  
Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
Post Office Box 819, Huntington, West Virginia 25712-0819  
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

The Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

In planning and performing our audit of the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007, we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control. In accordance with the requirements of Government Auditing Standards, we have also audited the Organization's compliance with the requirements of certain provisions of laws, regulations, contracts and grant agreements.

During our audit, we became aware of one immaterial instance of noncompliance with certain provisions of laws, regulations, contracts and grant agreements which is not required to be reported under Government Auditing Standards. The following summarizes our comments and suggestions regarding this matter. We have previously reported on the Organization's internal control and compliance in our reports dated March 8, 2008 and this letter does not affect our reports on the financial statements, internal control or compliance of Greenbrier County, West Virginia Board of Education, for the year ended June 30, 2007.

We will be pleased to discuss this comment in further detail at your convenience. Our comment is summarized as follows:

**West Virginia Code §11-8-26, Unlawful Expenditure and §18-9B-10, Restrictions on County Boards**

Condition: Greenbrier County, West Virginia Board of Education over-expended the budgetary categories as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
<u>Special Revenue Fund</u>			
Food Service	\$ 2,748,060	\$ 2,866,046	\$(117,986)
<u>Debt Service Fund</u>			
Interest and Fiscal Charges	443,600	457,563	(13,963)

Criteria: West Virginia Code §11-8-26 states that "a local fiscal body shall not expend money or incur obligations:

- 1) In an unauthorized manner;
- 2) For an unauthorized purpose;
- 3) In excess of the amount allocated to the fund in the levy order;
- 4) In excess of the funds available for current expenses."

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding year.

The over expenditures in the Special Revenue Fund and Debt Service Fund did not result in an over expenditure of the total approved levy estimate.

In addition, West Virginia Code §18-9B-10 states that "county boards of education shall:

- 1) Authorize the expenditure of funds and incur obligations only in accordance with the budget and the expenditure schedule;
- 2) Make transfers between items of appropriation only with the prior written approval of the board of finance."

Effect: The Board is in noncompliance with these code sections.

Recommendation: The Board should obtain approval of budget revisions from the West Virginia Department of Education prior to incurring the obligation.

We wish to thank management and employees for their support and assistance during our audit.

This report is intended solely for the information and use of Greenbrier County Board members, management, federal awarding agencies and pass-through entities and the State of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

*Ware & Hall PLLC*

## APPENDIX B

### Economic and Demographic Data

#### COUNTY OF GREENBRIER (WEST VIRGINIA)

##### Introduction

Location: Greenbrier County is located in southeast West Virginia, partly on the Allegheny Plateau

County Seat: Lewisburg

Commissioners: Lowell C. Rose, President, Brad Tuckwiller and Betty D. Crookshanks

##### Population

Year	Greenbrier County	West Virginia	United States
1990	34,683	1,792,548	249,622,814
2000	34,423	1,807,326	282,194,308
2006	34,566	1,808,699	298,754,819

Source: U.S. Bureau of Economic Analysis, Census Bureau

##### Economy

The ten (10) largest employers for the year 2008 in the County are:

- 1 CSX Hotels, Inc. (The Greenbrier)
- 2 Greenbrier County Board of Education
- 3 Greenbrier Valley Medical Center
- 4 Wal-Mart Stores, Inc.
- 5 West Virginia Department of Highways
- 6 West Virginia School of Osteopathic Medicine
- 7 Greenbrier Resort Management
- 8 Nicholas Turkey Breeding Farms
- 9 ABB, Inc.
- 10 The Kroger Company

Source: West Virginia Bureau of Economic Analysis

**Average Annual Unemployment Rates (%)**

Year	Greenbrier County	West Virginia
2003	6.3	6.0
2004	5.7	5.3
2005	6.0	5.0
2006	5.9	4.7
2007	6.2	4.6
2008 (Oct.)	4.2	4.0

**Average Annual Employment by Industry**

Industry	2005	2006	2007 (3 <sup>rd</sup> Quarter)
Natural Resources & Mining	211	282	232
Construction	806	842	781
Manufacturing	849	823	897
Trade, Transportation & Utilities	2,692	2,720	2,851
Information	101	96	97
Financial Activities	369	400	386
Professional & Business Services	518	673	786
Education & Health Services	2,355	2,339	2,327
Leisure and Hospitality	2,731	2,794	3,110
Other Services	379	370	412
Government	<u>2,195</u>	<u>2,241</u>	<u>2,212</u>
TOTAL	13,221	13,604	14,110

**Average Employment and Annual Wage**

	Average Employment		Average Weekly Wage	
	2000	2007	2001	2007 (3 <sup>rd</sup> Quarter)
Greenbrier County	14,140	14,670	\$458.65	\$542.77
West Virginia	764,600	771,800	\$538.12	\$622.77

**Per Capita Personal Income**

County	2000	2004	2006	2006 Rank in State
United States	\$29,845	\$33,123	\$36,714	---
West Virginia	\$21,904	\$25,316	\$28,206	---
Greenbrier County	\$20,951	\$24,682	\$27,465	16

**Source:** U.S. Bureau of Economic Analysis & WVU College of Business & Economics

**Wages Per Industry (2007) (\$)**

Industry	Total Wages	Average Weekly Wage
Natural Resources & Mining	11,251,391	957.40
Construction	22,149,286	564.17
Manufacturing	30,587,342	669.19
Trade, Transportation & Utilities	68,199,952	470.25
Information	2,897,232	599.10
Financial Activities	13,216,368	650.02
Professional & Business Services	20,184,604	490.73
Education & Health Services	77,024,533	639.58
Leisure and Hospitality	68,283,607	488.52
Other Services	7,682,025	385.73
Government	<u>74,930,332</u>	<u>650.56</u>
<b>TOTAL</b>	<b>396,406,672</b>	<b>563.60</b>

**Total Wages (\$)**

Year	Greenbrier County	West Virginia
2003	325,872,099	19,849,663,121
2004	342,602,163	20,868,401,449
2005	356,472,826	21,793,516,080
2006	377,635,554	23,079,570,075
2007	396,406,672	24,083,126,318

Community Data

Education Facilities	
Elementary	10
Middle or Jr. High	2
High Schools	2
Vocational Schools	0
Colleges (within 50 miles):	
Greenbrier Center – New River Community and Technical College	
Dabney Lancaster Community College	
WV School of Osteopathic Medicine	

Recreational Facilities	
State Forests	1
State Parks	0
Wildlife Management Areas	2
Public Hiking Trails (miles)	97.5
Public Fishing & Boating Lakes	2
Recreational Rivers (boating/rafting)	1
Museums/Art Galleries	0
Golf Courses – Private/Public	6/0
National Forests	1
National Park & Recreational Areas	0
Amphitheaters/Performing Arts Centers	3
Pro/Semi-pro Sports Teams	0
Regional Shopping Centers/Malls/outlets within 25 miles	1
Major Private Recreation/Resort Areas	1
Civic/Convention Centers	1
Medical	
Hospitals	1
Beds	122
Doctors	123
Dentists	17
Licensed Nursing Homes	4
Beds	318

Transportation	
Highways:	
Interstates	I-64
WV Routes	3, 12, 20, 39, 63, 92, 311
US Routes	60, 219
Motor freight carriers	4
River, nearest navigable	Kanawha (100 miles)
Industrial Parks	0
Industrial Sites	0
Airports:	Greenbrier Valley Airport
Railroads:	Freight/Passenger
Motor Freight Carriers	4
Bus Service	2

Media	
Newspapers:	4
Telephone:	3
TV Station	0
Radio Stations	6

Utilities	
Electricity:	3
Sewer:	4
Telephone Service:	2
Natural Gas:	1
Water	8

Other Data	
Licensed Day Care Centers	11
Banks (including branches)	15
Libraries	7

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis, except where otherwise noted.

**APPENDIX C**

**Proposed Form of Legal Opinion**

December \_\_, 2008

The Board of Education of the  
County of Greenbrier  
200 Elizabeth Street  
Charleston, West Virginia 25301

Re: \$\_\_\_\_\_ The Board of Education of the County of Greenbrier (West Virginia) Public  
School Refunding Bonds, Series 2008

Ladies & Gentlemen:

We have examined certified copies of the proceedings of The Board of Education of the County of Greenbrier, West Virginia (the "Board"), and other proofs submitted to us relative to the issuance and sale of \$\_\_\_\_\_ in aggregate principal amounts of The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008, dated December \_\_, 2008 (the "Refunding Bonds").

The Refunding Bonds are authorized to be issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and under and pursuant to a Resolution and Order duly adopted and entered by the Board on December 4, 2008 (the "Resolution") for the primary purpose of current refunding The Board of Education of the County of Greenbrier (West Virginia) Public School Bonds, Series 1997 outstanding on the date hereof in the aggregate principal amount of \$2,895,000 (the "Series 1997 Bonds").

Based upon the proofs and proceedings examined, we are of the opinion as follows:

(1) The Board is a validly existing statutory corporation charged with the supervision and control of the District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Refunding Bonds.

(2) Under the Refunding Act, the Refunding Bonds are exempt from all taxation by the State or by any political subdivision thereof.

(3) The issuance and sale of the Refunding Bonds have been duly authorized pursuant to and in full compliance with the Constitution of the State of West Virginia, the Refunding Act and the Resolution.

(4) The Refunding Bonds are valid and legally binding general obligations of the Board and, unless paid from other sources, the principal of and interest on the Refunding Bonds are payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

(5) The Series 1997 Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Board to the owners of the Series 1997 Bonds have been satisfied and discharged. In rendering the opinion set forth in this Paragraph 5, we have relied upon the opinion provided by \_\_\_\_\_, independent certified public accountants, that, based on

schedules provided to and verified as to mathematical accuracy by them, the anticipated receipts from described direct obligations of the United States of America (the "Governmental Obligations") (including those purchased with the proceeds of the Refunding Bonds) deposited in The Board of Education of the County of Greenbrier Series 1997 Bonds Escrow Deposit Fund (the "Escrow Deposit Fund") established with the West Virginia Municipal Bond Commission, together with certain cash also deposited, will be sufficient to pay, when due, the principal of and interest on the Series 1997 Bonds to maturity.

(6) Under existing statutes and court decisions, interest on the Refunding Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated pursuant thereto, and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. Under the Code, however, interest on the Refunding Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth in the proceeding sentences are subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Refunding Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Refunding Bonds. Other than as set forth in paragraph 7 below, we express no opinion regarding other tax consequences with respect to the Refunding Bonds.

(7) The Issuer has designated the bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue, together with subordinate entities, more than \$10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 2008. Therefore, 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 purchase or 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.

This opinion is limited to the extent that the enforceability of rights or remedies with respect to the Refunding Bonds may be limited by bankruptcy, insolvency, moratorium, general principles of equity, the exercise of judicial discretion or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined the executed Refunding Bond No. R-1 and, in our opinion, the form of said Refunding Bond and its execution are regular and proper.

Very truly yours,

## APPENDIX D

### Book-Entry Only System

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

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities on behalf of its participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

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

Purchasers of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$ \_\_\_\_\_, The Board of Education of the County of Greenbrier (West Virginia), Public School Refunding Bonds, Series 2008 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, (including the "voluntary central repository", etc.)

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

“Underwriter” shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

**SECTION 3. Provision of Annual Reports.**

(a) Within 180 days after the end of the fiscal year, the Dissemination Agent shall make a written request to the Issuer to provide the Annual Report to the Dissemination Agent.

(b) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 200\_\_-200\_\_ Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement and after July 1, 2009, in accordance with the amendment of § 240.15c2-12 of Title 17 of the Code of Federal Regulations as released by the Securities and Exchange Commission on December 8, 2008, effective July 1, 2009, to the MSRB in electronic format and as otherwise required by the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(c) Not later than thirty (30) Business Days prior to the date specified in subsection (b) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall make a second written request to the Issuer to provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall send a copy of such second request to the Underwriter.

(d) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (b), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(e) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

**SECTION 4. Content of Annual Report.** The Issuer’s Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

**SECTION 5. Reporting of Listed Events.**

“Underwriter” shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

**SECTION 3. Provision of Annual Reports.**

(a) Within 180 days after the end of the fiscal year, the Dissemination Agent shall make a written request to the Issuer to provide the Annual Report to the Dissemination Agent.

(b) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 200\_\_-200\_\_ Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement and after July 1, 2009, in accordance with the amendment of § 240.15c2-12 of Title 17 of the Code of Federal Regulations as released by the Securities and Exchange Commission on December 8, 2008, effective July 1, 2009, to the MSRB in electronic format and as otherwise required by the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(c) Not later than thirty (30) Business Days prior to the date specified in subsection (b) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall make a second written request to the Issuer to provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall send a copy of such second request to the Underwriter.

(d) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (b), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(e) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

**SECTION 4. Content of Annual Report.** The Issuer’s Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

**SECTION 5. Reporting of Listed Events.**

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy



UNITED BANK, INC.  
A West Virginia State Banking corporation,

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Greenbrier (West Virginia)

Name of Bond Issue: \$\_\_\_\_\_ Public School Refunding Bonds, Series 2008

Date of Bond Issue: \_\_\_\_\_, 2008

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated \_\_\_\_\_, 2008, to be provided. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
on behalf of the Issuer

cc: [Issuer]



**NEW ISSUE  
BOOK-ENTRY ONLY**

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

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

**\$2,655,000**

**The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**Dated:** Date of Delivery

**Due:** May 1, as shown below

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

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

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

Interest on the Bonds will be payable May 1, 2009 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 Beneficial Owners of the Bonds, as described herein.

The Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). The Board has represented and warranted that it does not anticipate that the aggregate amount of the tax-exempt obligations that will be issued by or on behalf of the Board in calendar year 2008 will exceed \$10,000,000. 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 not subject to redemption prior to maturity.

**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS**

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:
2009	\$620,000	3.500%	3.500%	393658CF4	2011	\$680,000	3.500%	3.500%	393658CHO
2010	\$645,000	3.500%	3.500%	393658CG2	2012	\$710,000	3.500%	3.500%	393658CJ6

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about December 23, 2008.

**RAYMOND JAMES**

December 16, 2008

**\$2,655,000**  
**The Board of Education of the**  
**County of Greenbrier (West Virginia)**  
**Public School Refunding Bonds, Series 2008**

**ELECTED OFFICIALS**

Kathy King, President  
Jeanie Wyatt, Board Member  
Hazel Reed, Board Member  
Bob Toothman, Board Member  
William Edward Zopp, Board Member

**APPOINTED OFFICIALS**

John Curry, Superintendent  
David A. McClure, Treasurer

**BOARD'S COUNSEL**

Bowles Rice McDavid Graff & Love, LLP  
Morgantown, West Virginia

**BOND COUNSEL**

Bowles Rice McDavid Graff & Love, LLP  
Charleston, West Virginia

**UNDERWRITERS**

Raymond James & Associates, Inc.  
Charleston, West Virginia

**UNDERWRITER'S COUNSEL**

Jackson Kelly PLLC  
Charleston, West Virginia

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Greenbrier, 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**

**\$2,655,000**

**The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008**

**INTRODUCTION**

This Official Statement provides certain information in connection with the sale of \$2,655,000 in aggregate principal amount of The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008 (the "Bonds"). A brief description of The Board of Education of the County of Greenbrier, West Virginia (the "Board"), the Greenbrier County School District (the "School District") and the County of Greenbrier, West Virginia (the "County" or "Greenbrier County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide for the current refunding of the Board's Public School Bonds, Series 1997 issued in the original aggregate principal amount of \$8,000,000 ("Series 1997 Bonds") of which \$2,895,000 is outstanding. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a general election held on November 5, 1996, the issuance of bonds for a maximum term of 15 ½ years and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of constructing a junior high (middle) school in the Rupert, West Virginia geographic area.

The Bonds are general obligations of the Board, and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable property within the School District, without limitation as to rate or amount.

In addition to the Series 1997 Bonds, which will be refunded by the Bonds, the Board also has outstanding its Public School Bonds, Series 2002 issued on May 1, 2002, in the original principal amount of \$8,000,000 and currently outstanding in the amount of \$5,480,000 (the "Series 2002 Bonds"). The Bonds will be on parity with the Series 2002 Bonds.

**THE BONDS**

General

The Bonds will be dated the date of delivery, and will be issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

Maturing (May 1)	Principal Amount (\$)
2009	620,000
2010	645,000
2011	680,000
2012	710,000

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

Interest on the Bonds will be payable May 1, 2009 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 owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

#### Redemption

The Bonds are not subject to redemption prior to maturity.

#### Authority and Purpose

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 Chapter 13, Article 1, of the code of West Virginia, 1931, as amended (the "Bond Act"), county boards of education may, with voter approval, issue bonds for specified purposes in 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 of Article X of the Constitution and Sections 20 and 34 of the Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. 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. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 60.61% of the participating voters. Proceeds of the Series 1997 Bonds were applied, together with certain funds received by the Board from the State of West Virginia ( the "State") and other sources, to the cost of constructing a junior high (middle) school in the Rupert, West Virginia geographic area. The ballot question limited the term of the bonds to fifteen and one-half (15 ½) years from their date and limited the rate of interest on the bonds to a rate not exceeding 8 ½% per annum.

The Series 1997 Bonds were issued on March 1, 1997 and designated Public School Bonds, Series 1997 pursuant to the Bond Act.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act" and collectively with the "Bond Act," the "Act") and a resolution of the Board adopted on December 4, 2008, (collectively, the "Resolution"). The Board is issuing the Bonds for the purpose of current refunding the Series 1997 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 1997 Bonds will be deemed paid upon the completion of the current refunding. Certain funds of the Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 1997 Bonds will become surplus funds as a result of the current refunding and will be available for release to the Board.

#### Plan of Financing

The proceeds from the Bonds in the amount of \$2,558,162.50 will be combined with the sum of approximately \$400,000 which will be transferred from accounts of the Board at the Bond Commission and along with other funds made available to the Board will be applied towards the funding of an escrow to current refund the Series 1997 Bonds. Such proceeds will be used to pay the redemption price of the Series 1997 Bonds called for redemption. The proceeds will be held by the Bond Commission, as Escrow Agent under an Escrow Deposit Agreement to be entered into on or prior to December 23, 2008 (the "Escrow Deposit Agreement"), by and among the Board and the Bond Commission. The 1997 Bonds to be called for redemption are expected to be called so that their redemption will occur no later than 40 days following the date of issuance of the Bonds.

During the period in which the proceeds of the Bonds are deposited with the Bond Commission (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations. The maturing principal of and interest on the Investment Obligations is not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds

Sources

Proceeds of the Bonds	\$2,655,000.00
Amounts Transferred from Bond Commission (Debt Service Account)	<u>\$400,000.00</u>
<b>TOTAL</b>	<b><u>\$3,055,000.00</u></b>

Uses

Deposit to Escrow Account <sup>1</sup>	\$2,958,162.50
Underwriter's Discount	\$39,825.00
Costs of Issuance <sup>2</sup>	<u>\$57,012.50</u>
<b>TOTAL</b>	<b><u>\$3,055,000.00</u></b>

Nature of Obligation, Security and Source of Payments

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

Debt Administration

The Bond 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, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond 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 Bond 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 Bond 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 2008 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 31, Article 18, Section 20-b, of the code of West Virginia, or in the funds of the state municipal bond commission because of the failure of any state agency for either general obligation or revenue bonds or any local taxing district for general obligation bonds to remit funds necessary for the payment of interest and sinking fund requirements. The Governor is authorized to transfer from time to time such amounts to the state municipal bond commission as may be necessary for these purposes.

<sup>1</sup> The Amount set forth in the Escrow Agreement as required, together with the income thereon to effect the current refunding of the Series 1997 Bonds as described herein.

<sup>2</sup> Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, Registrar and Accountants' Verification Report.

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 Greenbrier. 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.

### GREENBRIER 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 pre-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.

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

For the fiscal year 2008-2009, the Greenbrier County school system has a central office professional staff of 14 with the overall responsibility to coordinate and supervise the activities of 22 school administrators, 461 instructional staff (teachers and other professionals), and 332 service personnel. Total Full Time Equivalent positions are 777.1. The estimated pupil-teacher ratio for the 2008-2009 school year was 12 to 1 (combined elementary, middle and secondary schools). The total adjusted student 2008-2009 enrollment is 5,301 students.

#### Historical School Enrollment (School Year – Enrollments are October of each year.)

Grades	2004	2005	2006	2007	2008	2009
Pre-K Special Needs						
Pre-K Universal	234	185	194	240	268	297
K	401	389	386	384	372	372
1	368	393	384	408	396	381
2	373	358	384	376	403	394
3	376	375	366	375	386	404
4	412	382	390	369	369	378
5	407	399	376	383	372	379
6	403	396	406	385	391	372
7	416	410	418	407	387	391
8	440	420	432	422	396	396
9	404	447	435	441	435	433
10	397	403	441	416	373	379
11	399	358	368	407	352	360
12	<u>351</u>	<u>383</u>	<u>345</u>	<u>371</u>	<u>357</u>	<u>365</u>
Total	5,381	5,298	5,325	5,384	5,257	5,301

**Rate of Increase (Decrease) in Enrollment**

2004-2009	(1.49%)
Annualized	(0.12%)

Source: Greenbrier County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2010	5,224
2011	5,206
2012	5,167
2013	5,132

Source: Greenbrier County Board of Education

Facilities

School	Grades	Type of Construction	Date of Construction	Renovations or Additions
Alderson	Pre-K – 5	Masonry/Metal	1956	1985
Crichton	Pre-K – 5	Masonry	1967	1975
Eastern Greenbrier	6-8	Masonry	1991	--
Frankford	Pre-K – 5	Masonry	1956	1977, 2008
Greenbrier East	9-12	Masonry	1968	1978, 80, 85, 01, 06
Greenbrier West	9-12	Masonry	1968	1970, 75
Lewisburg	Pre-K – 5	Masonry	1935	1956, 67, 75, 79
Rainelle	Pre-K – 5	Masonry/Metal	1946	1956, 67, 68
Ronceverte	Pre-K – 5	Masonry	2006	--
Rupert	Pre-K – 5	Masonry/Metal	1948	1952, 78, 81
Smoot	Pre-K – 5	Masonry/Metal	1930	1956, 67, 69, 79
Western Greenbrier	6-8	Masonry	1999	--
White Sulphur Springs	Pre-K – 5	Masonry	2001	--

Source: Greenbrier County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Greenbrier 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 ½% discount if paid by September; 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 ½% 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 charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase.

The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections\*

Year	Projected Gross Tax (\$)	Projected Net Tax at 92-93% Less Assessors Fee (\$)	Actual (\$)	Actual (%)
<u>2003-2004</u>				
General Current	6,439,291	5,931,874	6,264,808	106
Bond Levy	1,606,679	1,461,818	1,600,258	109
Excess Levy	3,607,953	3,391,475	3,476,262	103
<u>2004-2005</u>				
General Current	6,786,937	6,351,894	6,510,476	102
Bond Levy	1,623,827	1,475,220	1,600,004	108
Excess Levy	3,802,738	3,631,612	3,662,751	101
<u>2005-2006</u>				
General Current	7,533,252	6,567,865	6,806,941	104
Bond Levy	1,633,186	1,485,483	1,634,612	110
Excess Levy	4,220,903	4,032,439	4,116,463	102
<u>2006-2007</u>				
General Current	8,280,259	6,917,914	7,143,107	103
Bond Levy	1,647,791	1,498,595	1,703,805	114
Excess Levy	4,738,953	4,527,359	4,711,211	104
<u>2007-2008</u>				
General Current	8,671,329	6,863,521	7,167,578	104
Bond Levy	1,577,825	1,508,170	1,671,254	111
Excess Levy	5,129,047	4,900,035	5,054,647	103

\*Source: Greenbrier County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain government 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 2009 assessment year valuations are made as of July 1, 2008, with taxes levied and collected during the fiscal year July 1, 2009, through June 30, 2010.

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

Property Classification

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

Assessed Valuations

The Greenbrier County School District includes all of Greenbrier County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code requires all assessors to appraise all property at fair market value (except for certain farm property), within three years. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994.

Assessed Valuation By Property Class\*

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	11,327,045	11,351,510	11,657,101	11,427,383	0
II	406,770,364	463,324,074	522,022,767	574,426,354	623,901,527
III	446,217,077	500,784,850	573,643,881	629,077,312	642,690,904
IV	<u>176,049,335</u>	<u>184,301,672</u>	<u>194,881,839</u>	<u>198,292,036</u>	<u>199,391,648</u>
Total	1,040,363,821	1,159,762,106	1,302,205,588	1,413,223,085	1,465,984,079

Assessed Valuation By Property Category\*

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Real	748,404,610	859,545,740	985,032,230	1,102,153,870	1,140,755,300
Personal	211,166,987	219,133,589	233,562,958	227,135,756	241,208,096
Public Utility	<u>80,792,224</u>	<u>81,082,777</u>	<u>83,610,400</u>	<u>83,933,459</u>	<u>84,020,683</u>
Total	1,040,363,821	1,159,762,106	1,302,205,588	1,413,223,085	1,465,984,079

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

\$78,944,868 in 2004-2005      \$79,622,544 in 2006-2007      \$82,514,796 in 2008-2009  
 \$79,684,539 in 2005-2006      \$81,214,436 in 2007-2008

Largest Assessed Valuations (2008)\*

Property Owner	Assessed Valuation (\$)
White Sulphur Springs Co. (C S X)	59,675,286
MeadWestvaco	22,307,774
Greenbrier VMC LLC	18,743,888
Walmart	7,666,088
Plum Creek Timberlands	7,394,821
Lowe's	7,330,504
B. A. Mulligan Lumber	6,319,702
Arbor Acres Farm (Aviagen Turkeys)	6,271,869
Combustion Engineering Inc. (A B B)	4,331,877
City National Bank	4,482,227
Lexington Trank (K-mart)	2,990,140

\*The assessed valuations include real and personal property in Class III or IV.  
 Source: Greenbrier County Assessor

Tax Rate Comparisons.

The following shows Greenbrier County property taxes in cents per \$100 assessed valuation (this includes all state, county and school rates, in comparison with a few select surrounding counties, for tax year 2008; Fiscal Year 2008-2009.

**Rates of Levy\***

County	Class I	Class II	Class III/IV
Fayette	64.05	128.10	256.20
GREENBRIER	46.475	92.950	185.900
Monroe	53.63	107.26	214.52
Nicholas	47.26	94.52	189.04
Pocahontas	32.53	65.06	130.12
Summers	33.95	67.90	135.80
Webster	33.27	66.54	113.08

\*Includes the total levy for State, County and schools in each County.  
 Source: West Virginia State Auditor

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 (Source: West Virginia State Auditor)

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 \$0.2295 per \$100 assessed valuation in respect to Class I,

\$0.4590 per \$100 in respect to Class II, and \$0.9180 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.

**Tax Rates - By Property Class (Cents Per \$100)**

**School Current Levy**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	20.48	20.48	20.05	19.40	19.40
II	40.96	40.96	40.10	38.80	38.80
III and IV	81.92	81.92	80.20	77.60	77.60

**School Excess Levy**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	11.475	11.475	11.475	11.475	11.475
II	22.950	22.950	22.950	22.950	22.950
III and IV	45.900	45.900	45.900	45.900	45.900

**School Bonds**

Class	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
I	4.90	4.44	3.99	3.53	3.370
II	9.80	8.88	7.98	7.06	6.740
III and IV	19.60	17.76	15.96	14.12	13.480

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

Rates of Levy (Source: West Virginia State Auditor)

The tax rates for citizens of the County, including those imposed by the Greenbrier County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 2008-2009 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.250	.500	1.000
County Current	11.980	23.960	47.920
School Current	19.400	38.800	77.600
School Bonds	3.370	6.740	13.480
School Excess	11.475	22.950	45.900

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 2008-2009 fiscal year.

Municipality	Class I	Class II	Class IV
Alderson	18.75	37.50	75.00
Falling Springs (Renick)	12.50	25.00	50.00
Lewisburg	18.75	37.50	75.00
Quinwood	12.50	25.00	50.00
Rainelle	12.50	25.00	50.00
Ronceverte	18.75	37.50	75.00
Rupert	12.50	25.00	50.00
White Sulphur Springs	12.50	25.00	50.00

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

Summary of Statistical Debt Information

Population (2006)	34,566
Assessed Valuation*	\$1,465,984,079
Debt Limit (5% of Assessed Valuation)	\$73, 299,203
Outstanding Debt	\$8,135,000
Debt Contracting Margin	\$65,164,203
Per Capita Debt	\$235.35
Outstanding Debt as percentage of Assessed Valuation	0.55%

\*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2009).

Debt Service Requirements

On November 4, 2008, the County voters approved the issuance of general obligation bonds in an amount not to exceed \$37,745,000 for a term not to exceed 15 and a half years at a rate not to exceed 7% per annum. This series of bonds is expected to be issued in early 2009.

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 (exclusive of the bonds proposed to be issued in 2009):

**Schedule of Bond Indebtedness  
Public School Bonds**

Year Ending June 30	Series 2008 Principal	Series 2008 Interest	Series 2008 Total	Series 2002 Principal	Series 2002 Interest	Series 2008 and 2002 Total
2009	620,000	33,040	653,040	500,000	223,445	1,376,485
2010	645,000	71,225	716,225	525,000	203,445	1,444,670
2011	680,000	48,650	728,650	550,000	182,445	1,461,095
2012	710,000	24,850	734,850	575,000	160,445	1,470,295
2013	---	---	---	605,000	137,445	742,445
2014	---	---	---	635,000	113,245	748,245
2015	---	---	---	665,000	87,845	752,845
2016	---	---	---	695,000	60,580	755,580
2017	---	---	---	<u>730,000</u>	<u>31,390</u>	<u>761,390</u>
<b>TOTAL</b>	<b>2,655,000</b>	<b>177,765</b>	<b>2,832,765</b>	<b>5,480,000.00</b>	<b>1,200,285.00</b>	<b>9,513,050</b>

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 Bond Commission. The Bond Commission, in turn, disburses funds to meet the payment of bonds and bond interest payments as well as paying agency fees. From time to time, the Commission invests amounts in the Debt Service Fund that are in excess of payment schedules and credits the interest income to the Debt Service Fund. (See “Investment of Certain Funds”).

*2. Bond Construction Fund*

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

### *3. Capital Projects Fund*

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

### *4. General Current Expense Fund*

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

### *5. Special Revenue Fund*

Accounts for the financial resources of the Board, which are restricted either legally or by the grantor.

### Investment of Certain Funds

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

### Accounting Practices

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district-wide statements (Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements (Balance Sheet- Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Fund) were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

### Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Budgetary Procedures

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

July	Overall goals are revised and established by the Board. Implementation and valuation of Board goals are established by the superintendent.
October	Student enrollment and personnel employee numbers are gathered system wide to determine State aid funding basis for subsequent fiscal year.
November- December	All staffing reviewed. Personnel reductions and additions are determined by local school councils, the public, the administration and the superintendent.
January- February	Preliminary forecasts of revenues and expenditures are determined by administration. Non-salary items reviewed.

- 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/May 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.
- A public hearing shall be held concerning the operating budget not less than 10 days after such budget has been made available for public inspection. The Board is required to submit a budget to the State Board of Education and State Tax Commissioner no earlier than 10 days after receipt of the final State aid computations.
- September Board advised of ending balances for previous fiscal year. Board and administration evaluate status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

#### Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

**Revenues, Expenditures and Changes in Fund Balance – Regulatory Basis  
Budget and Actual  
General Current Expense Fund  
Year ended June 30**

	2007 Budget	2007 Actual	2008 Budget	2008 Actual*	2009 Budget
<i>Revenues Collected:</i>					
Local Sources:					
Property Taxes	11,826,770	11,876,818	12,395,560	12,472,952	12,152,540
Other Local Sources	1,056,420	1,137,728	844,489	955,678	390,500
State Sources					
Other Unrestricted	25,533,981	25,537,803	27,036,977	27,114,196	21,261,880
Federal Sources			46,801	46,801	6,432,130
	<u>1,217,605</u>	<u>1,208,875</u>	<u>1,148,023</u>	<u>1,161,340</u>	<u>825,000</u>
Total Revenues Collected	39,634,776	39,761,224	41,471,850	41,750,967	41,062,050
<i>Expenditures Paid:</i>					
Instruction	24,457,284	24,317,506	26,880,806	25,738,936	24,408,660
<i>Supporting Services:</i>					
Students	653,703	634,656	486,661	429,809	526,620
Instructional Staff	606,119	600,159	891,232	843,673	807,060
Central Administration	1,033,492	1,024,687	1,074,024	1,010,821	1,056,660
School Administration	2,244,979	2,238,139	2,372,900	2,371,174	2,442,340
Business	297,923	292,881	286,805	281,239	293,930
Operation & Maintenance of Facilities	4,961,019	4,950,691	5,626,049	5,230,995	5,043,370
Student Transportation	3,752,059	3,529,021	4,004,106	3,835,087	3,837,280
Food Services	1,250	650	1,000	6,740	0
Community Services	80,952	80,952	83,700	96,202	103,700
Capital Outlay	1,253,901	0	0	0	0
<i>Debt Service:</i>					
Principal Retirement					
Interest & Fiscal Charges					
Total Expenditures	39,342,681	37,669,342	41,707,283	39,844,676	41,519,620
Excess (Deficiency) of Revenues over Expenditures	<u>292,095</u>	<u>2,091,882</u>	<u>(235,433)</u>	<u>1,906,290</u>	<u>(457,570)</u>
Total Other Financing Sources (Uses)	(1,116,720)	(1,269,337)	(1,495,910)	(1,492,030)	(1,259,570)
Net change in Fund Balance	(824,625)	822,545	(1,731,343)	414,261	(1,717,140)
Fund Balance at July 1	<u>824,625</u>	<u>829,624</u>	<u>1,050,000</u>	<u>1,652,169</u>	<u>1,800,000</u>
Fund Balance at June 30	0	1,652,169	(681,343)	2,066,430	82,860

Source: Greenbrier County Board of Education

\*2008 Actual numbers are unaudited.

### **Teachers Retirement System (Defined Benefit)**

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2007, 28,040 retirees and beneficiaries were receiving benefits. As of July 1, 2007, there are 19,529 active members. The plan reopened for new members as of July 1, 2005.

Members contribute 6% of annual earnings. Employers contribute 15% or 7.5% of a member's annual earnings. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2007 by Buck Consultants. 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 after expenses. As of July 1, 2007, the unfunded liability of TRS was \$3.47672 billion. The funded percentage was 51.3%. 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 (TDC) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDC. The plan closed for new members as of July 1, 2005.

As of July 1, 2007, there were approximately 19,164 members in the TDC. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Members may choose from thirteen (13) separate investment options.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six (6) years and fully vested after twelve (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 (5) years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

### **TDC Transfer to TRS**

On March 16, 2008, the West Virginia Legislature passed legislation authorizing members of the TDC to elect to voluntarily transfer to TRS. For the transfer to occur the legislation required that at least 65% of members of TDC as of December 31, 2007 to elect the transfer. Over 78% of actively contributing TDC members elected to transfer to TRS. Approximately 15,152 TDC members were transferred to TRS on July 1, 2008.

Insurance Coverage (Source: Greenbrier County Board of Education)

1. Type	<u>Amount in Force (FY 2009)</u>
Fire, extended coverage/buildings & personal property	\$106,912,313
Public official position bond: Superintendent	\$ 10,000
Board President	\$ 10,000
Treasurer	\$ 300,000
Blanket Bond	\$ - - - - -
Fidelity Honesty Bond (all employees)	\$ 25,000
Money & Securities (all employees)	\$ - - - - -
Deductible - \$5,000 per occurrence	

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for a coverage period July 1, 2008 to July 1, 2009. The Board is insured for the following coverages:

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

2. Limits of Liability

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

SPECIAL LIMITS. The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.00 for private passenger vehicles or \$1,000 for other vehicle types including mobile equipment.

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

Source: Greenbrier County Board of Education

**TAX MATTERS**

In the opinion of Bond Counsel, (a) under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section, and (b) under existing West Virginia Law, the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof.

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, in order for interest on the Bonds to be and remain exempt from federal income taxation, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of

interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such actions.

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as an enumerated item of tax preference or other specific adjustment. However, a corporation is required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to its current earnings adjustment and the alternative tax net operating loss deduction). For such purposes "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Bond Counsel is further of the opinion that pursuant to Section 265 (b) (3) (D) (ii) of the Code, the Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Bonds satisfy the requirements set forth in Section 265 (b) (3) (D) (ii) of the Code. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or 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 foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

## **LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM**

The School District may be affected by litigation pending in the courts of the State of West Virginia with potential impact on local taxes for school purposes similar to the litigation which has continued in certain states, such as Serrano v. Priest in California, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes.

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be

increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed “on an equitable basis described by the court.” The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

In May of 1995 a Motion to join the President of the State Senate and the Speaker of the State House of Delegates as defendants in Pauley was granted by the Circuit Court. The Circuit Court later reconsidered this Motion and the President of the State Senate and the Speaker of the House of Delegates are no longer defendants. Additionally, with the motion to join defendants, the plaintiffs moved the Circuit Court for an order enforcing the judgment previously entered including establishment of a timetable for implementation of the Master Plan for Public Education and a timetable for implementation of changes to the system of financing public education in West Virginia. A trial was scheduled for July 3, 2000. However, prior to going to trial, the parties reached a settlement with regard to a number of the issues.

Finally, on January 3, 2003, Pauley was dismissed and dropped from the active docket of the court. The court stated in its Memorandum of Opinion and final Order the following:

1. The plaintiff class’s request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.
2. The decision of the honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and
3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.
4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties’ objection is hereby preserved.

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants in following a policy of approval of segregated outbuildings for special education students and expenditures therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

Plaintiffs requested relief in the form of various declaratory and injunctive measures to remedy the alleged improprieties, including submission of a plan to alleviate alleged constitutional and legal deficiencies in special education in the State. No monetary damages were stated in the complaint. On July 10, 1991 a Settlement Agreement was approved by the District Court. The Settlement Agreement, as approved by the District Court, provided inter alia that the State School Building Authority would, in the application process and before disbursement of monies to local boards of education, obtain sufficient information to assure that no projects approved or funded would permit segregated outbuildings, segregated schools or inappropriately located self-contained classrooms in regular buildings in which classrooms are not contiguous to or in proximity with

classrooms of age-appropriate, non-handicapped children or that permits a county to continue the existence of such an outbuilding, school or classroom.

In the opinion of Bond Counsel, the final resolution of the Pauley and Harris decisions by the courts of the State will not affect the validity or binding obligation, nature of the Bonds or modify the right of the holders thereof to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within the School District for the payment of the Bonds if not paid from other sources.

### **LITIGATION**

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. The Secretary of the Board has reviewed the current status of all pending and threatened litigation with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not probable that Board liability in any such matters is likely to have a material adverse affect on the financial condition of the Board.

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board which materially adversely affects the financial condition of the Board.

### **CONTINUING DISCLOSURE**

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository or in the alternative to Texas Municipal Advisory Council (the "Central Post Office" or "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, (after July 1, 2009 electronically to the Municipal Securities Rulemaking Board ("MSRB")) and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The dissemination agent for the Series 2002 Bonds has filed financial statements for the periods June 30, 2004 through June 30, 2007, however these filings were not made in a timely manner. The Board has employed United Bank, Inc., Charleston, West Virginia, to provide dissemination services. The Continuing Disclosure Agreement for the Bonds will require the dissemination agent to send notices to the Board and to notify the Central Post Office (or MSRB) if the financial information is not provided in a timely manner. The form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

### **LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

### **RATINGS**

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

## **VERIFICATION AGENT**

Smith, Cochran and Hicks has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 1997 Bonds and verification of the sufficiency of the escrow.

## **FUTURE BOND ISSUE – FINANCIAL ADVISOR**

On November 4, 2008, voters in the County approved the issuance of up to \$37,745,000 in general obligation bonds to finance designated school improvements. Raymond, James & Associates, Inc. has been retained as the financial advisor for the proposed bonds. The Board expects to issue the proposed bonds in early 2009. Raymond, James & Associates, Inc. will be paid a fee for serving as financial advisor.

## **UNDERWRITING**

The Bonds are being purchased by Raymond James & Associates, Inc. as Underwriter. The Purchase Contract provides that the Underwriter will purchase all the Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Underwriter has agreed to purchase the Bonds, subject to certain conditions, for a purchase price of \$2,615,175.00 (par less \$39,825.00 underwriter's discount).

## **CONCLUDING STATEMENT**

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$2,655,000 in aggregate principal amount of The Board of Education of the County of Greenbrier Public School Refunding Bonds, Series 2008. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Greenbrier by Raymond James & Associates, Inc. in its capacity as Underwriter.

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 GREENBRIER**

By: /s/ Kathy King, President

**APPENDIX A**

Audit Report of Greenbrier County Board of Education for the Fiscal Year Ended June 30, 2007

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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
BOARD OFFICIALS  
YEAR ENDED JUNE 30, 2007**

<u>Office</u>	<u>Name</u>	<u>Term</u>
	<u>Elective</u>	
Board Members:	Kathy King	07/01/06 - 06/30/10
	Jeanie Wyatt	07/01/06 - 06/30/10
	Ed Zopp	07/01/06 - 06/30/10
	Wallace H. Jones	07/01/04 - 06/30/08
	Elizabeth Sue King	07/01/04 - 06/30/08
	<u>Appointive</u>	
Board President	Elizabeth Sue King	07/01/06 - 06/30/08
Superintendent	John Curry	07/01/06 - 06/30/08
Treasurer	David McClure	07/01/06 - 06/30/07

**Ware & Hall, PLLC**  
Certified Public Accountants

The River Tower, Suite 601, 1108 3<sup>rd</sup> Avenue  
Post Office Box 819, Huntington, West Virginia 25712-0819  
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA  
William L. Hall, CPA

Members of  
American Institute of  
Certified Public Accountants  
WV Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Honorable Members of  
Greenbrier County, West Virginia Board of Education  
Lewisburg, West Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of and for the year ended June 30, 2007, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Greenbrier County, West Virginia Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Board adopted the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, in 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2008, on our consideration of Greenbrier County, West Virginia Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 40 through 41, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenbrier County, West Virginia Board of Education's basic financial statements. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund, and Schedule of Changes in School Activity Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Greenbrier County, West Virginia Board of Education. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund, Schedule of Changes in School Activity Funds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wan & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

Our discussion and analysis of the Greenbrier County, West Virginia Board of Education's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2007. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

**Financial Highlights**

- The Board's assets exceeded liabilities by \$36,299,166 at the close of the most recent fiscal year. Unrestricted net assets as of June 30, 2007 is a deficit of \$4,246,638.
- The Board's total net assets increased by \$1,746,053. Approximately \$674,000 of this increase is attributable to revenues in the Statement of Activities that do not provide current financial resources and are not recorded as revenues in the funds.
- As of the close of the current fiscal year, the Board's Governmental Funds reported combined ending fund balances of \$3,344,361, an increase of \$1,399,341 in comparison with the prior year. Approximately \$1,614,129 of this total amount is available for spending at the Board's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,489,620, or 4% percent of total general fund expenditures.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 11-12 of this report.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**Overview of the Financial Statements (Continued)**

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, and the debt service fund, all of which are considered major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the Board cannot use these funds to finance its operations.

The Board uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 17 of this report.

**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 39 of this report.

**District-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by \$36,299,166 at the close of the most recent fiscal year.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current and other assets	\$ 9,078,937
Capital assets	<u>49,021,968</u>
<b>Total assets</b>	<b>\$ <u>58,100,905</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>	
Current and other liabilities	\$ 6,537,427
Long-term liabilities outstanding	<u>15,264,312</u>
<b>Total Liabilities</b>	<u>21,801,739</u>
 <b>Net assets:</b>	
Invested in capital assets, net of related debt	38,853,612
Restricted	1,692,192
Unrestricted	<u>(4,246,638)</u>
<b>Total net assets</b>	<u>36,299,166</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>58,100,905</u></b>

A comparative analysis will be provided in future years when prior year information is available.

- The largest portion of the Board's net assets (107%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Board's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for debt service.
- The unrestricted net assets (-12%) is a deficit balance.

At the end of the current fiscal year, the Board is able to report positive balances in two of the three categories of net assets. The same situation held true for the prior fiscal year.

Restricted net assets increased by \$576,796 during the year ended June 30, 2007. This increase resulted primarily from debt service balance and special projects. The board's net assets increased by \$1,746,053 during the current year.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

The key elements of the increase of the Board's net assets for the year ended June 30, 2007 are as follows:

	<u>Governmental Activities</u>
<b>Revenues:</b>	
Program revenues:	
Charges for services	\$ 1,136,461
Operating grants and contributions	8,751,816
Capital grants and contributions	556,608
General revenues:	
Property taxes	14,047,254
Unrestricted state aid	25,537,803
Unrestricted investment earnings	316,883
Unrestricted grants and contributions	<u>1,100,671</u>
<b>Total revenues</b>	<b><u>51,447,496</u></b>
<b>Expenses:</b>	
Instruction	<u>31,609,071</u>
Supporting services:	
Students	808,047
Instructional staff	1,065,147
District administration	1,356,683
School administration	2,244,187
Business services	286,155
Operation and maintenance	5,021,680
Transportation	<u>3,886,835</u>
<b>Total supporting services</b>	<b>14,668,734</b>
Food services	2,892,694
Community services	80,952
Interest on long-term debt	<u>449,992</u>
<b>Total expenses</b>	<b><u>49,701,443</u></b>
<b>Change in net assets</b>	<b>1,746,053</b>
<b>Net assets - July 1, 2006, as restated</b>	<b><u>34,553,113</u></b>
<b>Net assets - June 30, 2007</b>	<b>\$ <u>36,299,166</u></b>

The largest increase continues to be from federal and state aid as well as property taxes. These increases were due to increased property tax valuations.

A comparative analysis of revenues will be provided in future years when prior year information is available.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

The Board's revenues for fiscal year ended June 30, 2007 by source are as follows:

Unrestricted state aid	50%
Property taxes	27%
Operating grants and contributions	17%
Charges for services	2%
Unrestricted grants and contributions	2%
Capital grants and contributions	1%
Unrestricted investment earnings	<u>1%</u>
Total	<u>100%</u>

A comparative analysis of expenditures will be provided in future years when prior year information is available.

The Board's expenditures for fiscal year ended June 30, 2007 by function are as follows:

Instruction	64%
Total supporting services	29%
Food Services	6%
Interest on long-term debt	<u>1%</u>
Total	<u>100%</u>

**Financial Analysis of the Board's Funds**

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of \$3,344,361. Included in this year's combined fund balance is reserve for debt service of \$1,448,795 and reserve for encumbrances of \$281,437.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the Board's fund balances that are not available for appropriations. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the Board's self-imposed limitation on the use of otherwise available expendable financial resources in government funds. The statements do not reflect any designated fund balance. Those funds have been moved to and are reflected as deferred revenue since the revenue was received prior to being earned.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**General Fund Budgetary Highlights**

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$1,732,371 or 5% in total general fund expenditures. The most significant difference may be summarized as follows:

- Reserve for contingencies increased \$898,501.

**Capital Asset and Debt Administration**

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$49,021,968 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, vehicles and construction in process. The total decrease in the Board's investment in capital assets for the current fiscal year was 3% percent.

Major capital asset events during the current fiscal year included the following:

Purchase of new school buses	\$ 519,288
Purchase of various computer labs and technology equipment and various furniture and equipment	\$ 168,044
Various improvements to land and buildings	\$ 151,018

At June 30, 2007, the Board's total investment in capital assets consisted of the following:

	<u>Governmental Activities</u>
Land	\$ 3,448,958
Land improvements	3,527,749
Buildings and improvements	65,309,829
Furniture and equipment	9,296,847
Vehicles	5,019,104
Construction in process	<u>28,771</u>
 Total Capital Assets	 \$ <u>86,631,258</u>

Additional information on the Board's capital assets can be found in Note 7 to the basic financial statements.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

**Long-term debt.** At the end of the current fiscal year, the Board had total bonded debt outstanding of \$9,475,000 and capital lease obligations of \$693,356. Employees of the Board are eligible to receive special termination benefits in the form of convertible sick leave earned but not used prior to retirement. Upon retirement, an employee's accumulated sick leave may be converted to a greater retirement benefit or to payment of the retired employee's health insurance premiums. The cost of additional retirement benefits are the liability of the West Virginia Consolidated Public Retirement Board and therefore are not recorded in the Board's financial statements. However, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia Legislature has appropriated funds for the Board for payment of these costs. However, because such appropriations are at the discretion of the Legislature and therefore not guaranteed, the liability for the cost of sick leave convertible to health insurance premiums is recorded in the Board's financial statements. At June 30, 2007, the liability for such costs was \$6,410,076, which is included in the district-wide financial statement of net assets. The obligation for compensated absences for vacation was \$94,689 at June 30, 2007.

	<u>Governmental Activities</u>
General obligation bonds	\$ 9,475,000
Capital lease obligations	693,356
Compensated absences	94,689
Accrued sick leave	<u>6,410,076</u>
 Total debt outstanding	 \$ <u>16,673,121</u>

Additional information on the Board's long-term debt can be found in Notes 8 and 9 to the basic financial statements.

**Factors Bearing on the Board's Future**

At the time these financial statements were prepared and audited, the Board was not aware of circumstances that could significantly affect its financial health in the future.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact the Board Office:

Greenbrier County, West Virginia  
Board of Education  
202 Chestnut Street  
Lewisburg, WV 24901  
Attn: David McClure, Treasurer

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,128,631
Investments	2,831,273
Taxes receivable, net of allowance for uncollectible taxes of \$645,348	934,233
Food services receivable	78,135
Other receivables	550,395
Due from other governments:	
State aid receivable	230,676
PEIA allocation receivable	652,982
Reimbursement receivable	672,612
Capital Assets:	
Land and improvements	6,976,707
Buildings and improvements	65,309,829
Furniture and equipment	9,296,847
Vehicles	5,019,104
Construction in process	28,771
Less accumulated depreciation	<u>(37,609,290)</u>
Total capital assets, net of depreciation	<u>49,021,968</u>
<b>TOTAL ASSETS</b>	<b><u>58,100,905</u></b>
<b>LIABILITIES</b>	
Salaries payable and related payroll liabilities	3,337,463
PEIA premiums payable	751,842
Accounts payable	407,054
Deferred revenue	564,231
Long term obligations:	
Due within one year:	
Bonds and capital lease obligations	1,167,482
Accrued interest	68,028
Compensated absences	3,513
Accrued sick leave payable	237,814
Due beyond one year:	
Bonds and capital lease obligations	9,000,874
Compensated absences	91,176
Accrued sick leave payable	<u>6,172,262</u>
<b>TOTAL LIABILITIES</b>	<b><u>21,801,739</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	38,853,612
Restricted for:	
Special projects	243,397
Debt service	1,448,795
Unrestricted	<u>(4,246,638)</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>36,299,166</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense), Revenue and Changes in Net Assets Governmental Activities
Governmental activities:					
Instruction	\$ 31,609,071	\$ 655,204	\$ 6,233,037	\$ 10,510	\$ (24,710,320)
Supporting Services:					
Students	808,047	-0-	250,908	-0-	(557,139)
Instructional staff	1,065,147	13,000	540,489	-0-	(511,658)
District administration	1,356,683	-0-	310,612	-0-	(1,046,071)
School administration	2,244,187	-0-	-0-	-0-	(2,244,187)
Business services	286,155	-0-	-0-	-0-	(286,155)
Operation and maintenance of facilities	5,021,680	-0-	6,750	101,455	(4,913,475)
Student transportation	3,886,835	27,000	29,975	444,643	(3,385,217)
Food services	2,892,694	441,257	1,380,045	-0-	(1,071,392)
Community services	80,952	-0-	-0-	-0-	(80,952)
Interest on long-term debt	<u>449,992</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(449,992)</u>
Total governmental activities	<u>\$ 49,701,443</u>	<u>\$ 1,136,461</u>	<u>\$ 8,751,816</u>	<u>\$ 556,608</u>	<u>(39,256,558)</u>
General revenues:					
Property taxes					14,047,254
Unrestricted state aid					25,537,803
Unrestricted investment earnings					316,883
Unrestricted grants and contributions					<u>1,100,671</u>
Total general revenues					<u>41,002,611</u>
Change in net assets					1,746,053
Net assets - beginning, as restated					<u>34,553,113</u>
Net assets -ending					<u>\$ 36,299,166</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

<b>ASSETS</b>	General Current Expense	Special Revenue	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 3,098,126	\$ -0-	\$ 30,505	\$ 3,128,631
Investments	1,465,681	-0-	1,365,592	2,831,273
Taxes receivable, net of allowance for uncollectible taxes of \$645,348	809,679	-0-	124,554	934,233
Food service receivables, net	-0-	78,135	-0-	78,135
Other receivables	550,395	-0-	-0-	550,395
Due from other governments:				
State aid receivable	223,391	7,285	-0-	230,676
PEIA allocation receivable	652,982	-0-	-0-	652,982
Reimbursements receivable	-0-	672,612	-0-	672,612
Due from other funds	-0-	76,713	-0-	76,713
<b>Total assets</b>	<b>\$ 6,800,254</b>	<b>\$ 834,745</b>	<b>\$ 1,520,651</b>	<b>\$ 9,155,650</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Salaries payable and related payroll liabilities	\$ 3,337,463	\$ -0-	\$ -0-	\$ 3,337,463
PEIA premiums payable	751,842	-0-	-0-	751,842
Accounts payable	382,937	24,117	-0-	407,054
Deferred revenue	599,130	567,231	71,856	1,238,217
Due to other funds	76,713	-0-	-0-	76,713
<b>Total liabilities</b>	<b>5,148,085</b>	<b>591,348</b>	<b>71,856</b>	<b>5,811,289</b>
 <b>Fund Balances:</b>				
Reserved for:				
Encumbrances	162,549	118,888	-0-	281,437
Debt service	-0-	-0-	1,448,795	1,448,795
Unreserved:				
Undesignated	1,489,620	124,509	-0-	1,614,129
<b>Total fund balances</b>	<b>1,652,169</b>	<b>243,397</b>	<b>1,448,795</b>	<b>3,344,361</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 6,800,254</b>	 <b>\$ 834,745</b>	 <b>\$ 1,520,651</b>	 <b>\$ 9,155,650</b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007**

Total fund balances - governmental funds	\$ 3,344,361
Amounts reported for governmental activities in the statement of net assets differ due to:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental fund financial statements.	86,631,258
Accumulated depreciation has not been included in the governmental fund financial statements.	(37,609,290)
Revenue reported as deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	673,986
Compensated absences are not reported in governmental fund financial statements.	(94,689)
Long-term liabilities for accrued sick leave are not reported in governmental fund financial statements.	(6,410,076)
Bonds payable are not reported in governmental fund financial statements.	(9,475,000)
Capital lease obligations are not reported in governmental fund financial statements.	(693,356)
Accrued interest payable is not reported in governmental fund financial statements.	<u>(68,028)</u>
Net assets of governmental activities	\$ <u>36,299,166</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007**

<b>REVENUES</b>	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Property taxes	\$ 11,876,818	\$ -0-	\$ 1,707,735	\$ 13,584,553
Other local sources	1,137,728	527,514	97,467	1,762,709
State sources	25,537,803	1,685,171	-0-	27,222,974
Federal sources	<u>1,208,875</u>	<u>6,994,399</u>	<u>-0-</u>	<u>8,203,274</u>
<b>Total revenue</b>	<b><u>39,761,224</u></b>	<b><u>9,207,084</u></b>	<b><u>1,805,202</u></b>	<b><u>50,773,510</u></b>
<b>EXPENDITURES:</b>				
Instruction	24,317,506	5,730,043	-0-	30,047,549
Supporting services:				
Students	634,656	172,181	-0-	806,837
Instructional staff	600,159	462,569	-0-	1,062,728
Central administration	1,024,687	308,101	-0-	1,332,788
School administration	2,238,139	-0-	-0-	2,238,139
Business	292,881	-0-	-0-	292,881
Operation and maintenance of facilities	4,950,691	86,986	-0-	5,037,677
Student transportation	3,529,021	510,946	-	4,039,967
Food services	650	2,866,046	-0-	2,866,696
Community services	80,952	-0-	-0-	80,952
Debt Service:				
Principal retirement	-0-	-0-	1,110,392	1,110,392
Interest and fiscal charges	-0-	-0-	357,265	457,563
<b>Total expenditures</b>	<b><u>37,669,342</u></b>	<b><u>10,136,872</u></b>	<b><u>1,467,657</u></b>	<b><u>49,374,169</u></b>
Excess (deficiency) of revenues over (under) expenditures	<u>2,091,882</u>	<u>(929,788)</u>	<u>337,545</u>	<u>1,399,341</u>
<b>Other financing sources (uses):</b>				
Transfers	<u>(1,269,337)</u>	1,211,997	57,442	-0-
<b>Total other financing sources (uses)</b>	<b><u>(1,269,337)</u></b>	<b><u>382,110</u></b>	<b><u>63,889</u></b>	<b><u>-0-</u></b>
<b>Net change in fund balances</b>	<b><u>822,545</u></b>	<b><u>452,377</u></b>	<b><u>401,434</u></b>	<b><u>1,399,341</u></b>
Fund balances -beginning, as previously stated	829,624	666,621	2,350,06	2,620,352
Restatement of fund balance	-0-	(675,332)	-	(675,332)
Fund balances -beginning, as restated	<u>829,624</u>	<u>-0-</u>	<u>2,350,06</u>	<u>1,945,020</u>
<b>Fund balances - ending</b>	<b>\$ <u>1,652,169</u></b>	<b>\$ <u>212,397</u></b>	<b>\$ <u>2,751,495</u></b>	<b>\$ <u>3,344,361</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds \$ 1,399,341

Amounts reported for governmental activities in the statement of activities differ due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. The amount by which depreciation exceed capital outlays in the current year is as follows:

Depreciation	(2,191,403)
Capital outlays	867,121

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds financial statements. The effect is the amount of the increase over the prior year.	673,986
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Current year long-term debt principal payments (bonds payable and capital lease obligations) is an expenditure in governmental funds financial statements, but are shown as a reduction in long-term debt in government-wide financial statements.	1,110,392
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Compensated absences and accrued sick leave are reported as liabilities in government-wide financial statements, but are only reported in governmental funds financial statements to the extent they have matured. This is the amount by which compensated absences and accrued sick leave increased.	(120,955)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>7,571</u>
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Change in net assets of governmental activities	\$ <u>1,746,053</u>
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**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2007**

	<b>Agency Funds School Activity Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>615,328</u>
<b>Total Assets</b>	<b>\$ <u>615,328</u></b>
<b>LIABILITIES</b>	
Due to other funds	\$ <u>615,328</u>
<b>Total Liabilities</b>	<b>\$ <u>615,328</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

Greenbrier County, West Virginia Board of Education (School Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the School Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The School Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

**B. District-wide and fund financial statements**

The district-wide financial statements (the statement of net assets and the statement of activities) display information about the School Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. District-wide and fund financial statements (continued)**

The fund financial statements provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

General Current Expense Fund - The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue Fund - The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

Debt Service Fund - The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the board for the acquisition of capital assets.

Agency Funds - Agency Funds are used to account for assets that the Board holds for others in an agency capacity. These include: Regional Education Service Agencies (RESA's) and multi-county vocational centers (MCVC's) for the purpose of providing high quality, cost effective educational programs and to provide vocational training, respectively, in which the County Board of Education serves as the fiscal agent; school activity funds to account for assets of the individual schools of the District, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the School District by a benefactor for the purpose of providing scholarships for graduates of the School District.

**C. Measurement Focus and Basis of Accounting**

The district-wide statements (Statement of Net Assets and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (continued)**

The governmental fund financial statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the School Board holds for others in an agency capacity.

**D. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. 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, 2007 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Investments (continued)**

Investments of the Board at June 30, 2007 consisted of the following:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
State Investment Pool	\$ 1,465,681	\$ 1,465,681
Municipal Bond Commission	<u>1,365,592</u>	<u>1,365,592</u>
<b>TOTAL</b>	<b>\$ <u>2,831,273</u></b>	<b>\$ <u>2,831,273</u></b>

Custodian credit risk is the risk that in event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short term investments that are less affected by changes in market rates as compared to long term investments.

At June 30, 2007, the Board has \$1,365,592 invested with the West Virginia Municipal Bond Commission. Pool investments of the Municipal Bond Commission are held in a government money market with the WV Board of Treasury Investments Consolidated Fund.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Exposure to credit risk in the government money market pool is limited to U. S. Treasury issues and U.S. Government Agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The Board's investments in the Consolidated Fund pool and related accounts have not been rated for credit risk by any organization.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. West Virginia statutes prohibit the Consolidated Fund Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2007, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the Government Money Market Pool within the Consolidated Fund Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

**GREENBRIER COUNTY, WEST VIRGINIA  
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YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Food Service Receivables**

The accounts receivable for the Food Service Program has been reduced by \$33,702 for uncollectible accounts. The allowance for uncollectible accounts was calculated based upon historical data maintained by the Board.

**G. Interfund Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**H. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements, furniture and equipment, and vehicles are reported in the district-wide financial statements. The board defines capital assets as assets with an initial, individual cost of \$5,000 or more for land and improvements, furniture and equipment, and vehicles and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Land improvements, buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Land improvements	10 - 40
Furniture and equipment	5 - 20
Vehicles	8 - 12

**GREENBRIER COUNTY, WEST VIRGINIA  
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YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Compensated Absences and Special Termination Benefits**

**Compensated Absences:**

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to thirty-six days and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of cash payment at retirement, an employee can elect to use accumulated annual leave toward their post employment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

**Special Termination Benefits:**

When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board.

The payment of health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia State Legislature appropriates funds that are used by the Board to pay for its obligations for this special termination benefit. Because such appropriations are at the discretion of the Legislature and not guaranteed, the liability for sick leave convertible to health insurance premiums using the vesting method is recorded in the Board's financial statements. The liability is being reported utilizing the guidance of GASB Statement 16. However, this liability should be recorded utilizing the guidance of GASB Statements 43 and 45 when these statements become effective in fiscal year 2008.

**J. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Capital lease payments are reported in the general current expense or special revenue fund.

**K. Restricted Net Assets**

For the district-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent that portion of fund equity committed by official Board action for specific purposes.

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Elimination and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**N. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**O. Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**P. Recent Accounting Statements**

In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions. This statement establishes accounting and reporting for other post employment benefits (OPEB) expense/expenditures and related OPEB assets or liabilities, note disclosures, and required supplementary information in the financial statements of state and local governments. The Board intends to adopt the provisions of this statement for the year ended June 30, 2008.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. 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. Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to state statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgets and Budgetary Accounting (continued)**

2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2007, expenditures exceeded appropriations in the funds listed at the function level, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

**Special Revenue Fund:**

<u>Function</u>	<u>Amount</u>
Food Service	\$ 117,986

The over expenditure in this program was funded by a reduction of expenditures in the remaining instructional programs.

**Debt Service Fund:**

<u>Function</u>	<u>Amount</u>
Interest and fiscal charges	\$ 13,963

The over expenditure in this program was funded by a reduction of expenditures in the remaining functional expenditures, available beginning fund balance, and revenues received in excess of the anticipated amounts budgeted.

**NOTE 3 - CHANGE IN ACCOUNTING POLICY**

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 34: For the year ended June 30, 2007, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosure, and GASB Statement No. 33, Accounting and Financial Reporting for Certain Shared Nonexchange Revenues. These statements establish standards for external financial reporting for state and local governments. GASB Statement No. 34 reports equity as "net assets" rather than "fund balance". Net assets are classified into four categories according to the availability of assets for satisfaction of Board obligations. The Board's net assets are classified as follows:

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
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**NOTE 3 - CHANGE IN ACCOUNTING POLICY (CONTINUED)**

- **Invested in capital assets, net of related debt** - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.
- **Restricted net assets, expendable** - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including amounts deposited with trustees as required by revenue bond indentures.
- **Restricted net assets, nonexpendable** - This includes endowment and similar type funds on which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2007.
- **Unrestricted net assets** - This represents resources derived from other than capital assets or restricted net assets. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

As a result of the adoption of GASB Statement No. 34, and related statements and the conversion of the financial statements from the statutory basis of accounting prescribed or permitted by the West Virginia Department of Education to accounting principles generally accepted in the United States of America, beginning net assets as reconciled from beginning fund balance, was restated. Such effects of the restatement are as follows:

Total governmental fund types fund balances -	
July 1, 2006, as previously reported	\$ 2,620,352
Restatement of beginning fund balance for revenue recognized	
in 2006 from special projects which was not earned	<u>(675,332)</u>
Total fund balances - July 1, 2006, as restated	1,945,020
Adjustments to reconcile fund balances to net assets - July 1, 2006:	
Capital assets, net of accumulated depreciation of \$35,417,887	50,346,250
Bonds Payable	(10,520,000)
Accrued interest payable	(75,599)
Capital lease payable	(758,748)
Compensated absences	(110,444)
Accrued sick leave payable	<u>(6,273,366)</u>
Total net assets, July 1, 2006	\$ <u>34,553,113</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 3 - CHANGE IN ACCOUNTING POLICY (CONTINUED)**

For the year ended June 30, 2007, the Board also implemented GASB Statement No. 40 Deposit and Investment Risk Disclosures, which updated the credit risk and disclosure requirements of GASB Statement No. 3, and established more comprehensive disclosure requirements, addressing interest rate risk and concentration of credit risk of the deposits and investments of state and local governments. The implementation of this statement resulted in additional disclosure relating to cash and investments.

**NOTE 4 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

**Board of Risk and Insurance Management (BRIM):** The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first \$2 million per property event and purchases excess insurance on losses above that level. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**Public Employees Insurance Agency (PEIA):** The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs is limited to \$1 million life time for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

**Workers Compensation Fund (WCF):** West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2008 and to government employers July 1, 2012. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
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**NOTE 5 - PROPERTY TAXES**

All property in the State is classified as follows for ad valorem tax purposes:

- Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.
- Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III All real and personal property situated outside of municipalities, exclusive of Classes I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I 22.95¢ per \$100 of assessed valuation; Class II 45.90¢ per \$100 of assessed valuation; Class III 91.80¢ per \$100 of assessed valuation; and Class IV 91.80¢ per \$100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessor's Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2007 were:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	\$ 11,657,101	20.05¢	11.475¢	3.99¢
Class II	\$ 522,022,767	40.10¢	22.95¢	7.98¢
Class III	\$ 573,643,881	80.20¢	45.90¢	15.96¢
Class IV	\$ 194,881,839	80.20¢	45.90¢	15.96¢

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 5 - PROPERTY TAXES (CONTINUED)**

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may 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.

**NOTE 6 - EXCESS LEVY**

The Board had an excess levy in effect during the fiscal year ended June 30, 2007. The levy was authorized by the voters of the county at an election held on December 6, 2003 for the fiscal years ending June 30, 2005 through June 30, 2009 to provide funds for the following purposes:

- A. To provide free textbooks and workbooks in grades K - 12 as approved by Board in the annual approximate amount of \$350,000.
- B. To provide supplies used in transportation, tires, oil, gasoline, tools and equipment for buses and maintenance vehicles in the annual approximate amount of \$600,000.
- C. To provide funds to facilitate the employment of school secretaries in the annual approximate amount of \$100,000.
- D. To provide funds for support of salaries for all school personnel in the annual approximate amount of \$500,000.
- E. To provide school allotments and supplies in the annual approximate amount of \$150,000.
- F. To provide capital improvements including repair and maintenance of buildings and utilities in the annual approximate amount of \$1,691,475.

In the event that sufficient state, federal or other special funds become available to provide monies for any of the above purposes, levy monies specified for these purposes may be used for the general operation of the school system.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
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**NOTE 6 - EXCESS LEVY (CONTINUED)**

In addition, the Board of Education is authorized and empowered to expend at the end of each fiscal year, during the term of this levy, the surplus, if any, occurring in excess of the amount needed for any of the above stated purposes for the enrichment, supplementation, and advancement of all education programs in Greenbrier County, and other purposes pertinent to the operation of the schools of the county according to the orders of the Greenbrier County Board of Education.

A total of \$4,818,741 was received by the Board from the excess levy during the fiscal year ended June 30, 2007.

**NOTE 7 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2007, is as follows:

**Capital Assets**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,448,958	\$ -0-	\$ -0-	\$ 3,448,958
Construction in progress	<u>-0-</u>	<u>28,771</u>	<u>-0-</u>	<u>28,771</u>
Total non-depreciable capital assets	<u>3,448,958</u>	<u>28,771</u>	<u>-0-</u>	<u>3,477,729</u>
Capital assets, being depreciated:				
Land improvements	3,504,794	22,955	-0-	3,527,749
Buildings and improvements	65,181,766	128,063	-0-	65,309,829
Furniture and equipment	9,128,803	168,044	-0-	9,296,847
Vehicles	<u>4,499,816</u>	<u>519,288</u>	<u>-0-</u>	<u>5,019,104</u>
Total depreciable capital assets	<u>82,315,179</u>	<u>838,350</u>	<u>-0-</u>	<u>83,153,529</u>
Accumulated depreciation for:				
Land improvements	1,939,190	104,313	-0-	2,043,503
Buildings and improvements	23,013,027	1,394,734	-0-	24,407,761
Furniture and equipment	6,849,484	419,266	-0-	7,268,750
Vehicles	<u>3,616,186</u>	<u>273,090</u>	<u>-0-</u>	<u>3,889,276</u>
Total accumulated depreciation	<u>35,417,887</u>	<u>2,191,403</u>	<u>-0-</u>	<u>37,609,290</u>
Total depreciable capital assets, net	<u>46,897,292</u>	<u>(1,353,053)</u>	<u>-0-</u>	<u>45,544,239</u>
Total capital assets, net	\$ <u>50,346,250</u>	\$ <u>(1,324,282)</u>	\$ <u>-0-</u>	\$ <u>49,021,968</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

**Depreciation Expense**

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 1,733,206
Supporting Services:	
District administration	99,148
Business	1,225
Operation and maintenance of facilities	17,439
Transportation	310,948
Food Services	<u>29,437</u>
 Total Depreciation Expense	 <u>\$ 2,191,403</u>

**NOTE 8 - LONG TERM DEBT**

Long-term liability activity for the year ended June 30, 2007 is as follows:

General Obligation Bonds - General Obligations Bonds payable at June 30, 2007, with their outstanding balance are comprised of the following individual issues:

<u>Description</u>	<u>Outstanding Balance at June 30, 2007</u>
Public School Bonds, Series 1997	\$ 3,520,000
Public School Bonds, Series 2002	<u>5,955,000</u>
Total	<u>\$ 9,475,000</u>

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of year</u>	<u>Amounts due within one year</u>	<u>Amounts due past one year</u>
<b>Bonds Payable</b>						
General Obligation Debt	\$10,520,000	\$ -0-	\$1,045,000	\$ 9,475,000	\$1,100,000	\$ 8,375,000
<b>Other Liabilities</b>						
Compensated absences	110,444	-0-	15,755	94,689	3,513	91,176
Accrued sick leave	6,273,366	136,710	-0-	6,410,076	237,814	6,172,262
Capital Leases Payable	<u>758,699</u>	<u>-0-</u>	<u>65,343</u>	<u>693,356</u>	<u>67,482</u>	<u>625,874</u>
Long-term liabilities	<u>\$17,662,509</u>	<u>\$136,710</u>	<u>\$1,126,098</u>	<u>\$16,673,121</u>	<u>\$1,408,809</u>	<u>\$15,264,312</u>

The above additions/deductions presentation for compensated absences and accrued sick leave is reported at net since the information is not currently available to report at gross. The difference is not considered to be material.

**GREENBRIER COUNTY, WEST VIRGINIA  
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**NOTE 8 - LONG TERM DEBT (CONTINUED)**

The board's future debt service requirements for bonded debt is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,100,000	\$ 408,170	\$ 1,508,170
2009	1,160,000	360,295	1,520,295
2010	1,225,000	307,295	1,532,295
2011	1,295,000	251,295	1,546,295
2012	1,365,000	192,045	1,557,045
2013 - 2017	<u>3,330,000</u>	<u>430,505</u>	<u>3,760,505</u>
TOTAL	\$ <u>9,475,000</u>	\$ <u>1,949,605</u>	\$ <u>11,424,605</u>

**Bond Issue of 1997:**

In March, 1997, the Board issued \$8,000,000 in General Obligation Bonds to provide funds to construct Western Greenbrier Junior High School. The Bonds mature in varying annual increments through May 1, 2012 and interest is payable semi-annually at rates varying from 4.0% to 5.0%. Payments on the General Obligation Bonds payable during the year were made from the debt service fund.

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2007, including interest payments, are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 625,000	\$ 168,100	\$ 793,100
2009	660,000	136,850	796,850
2010	700,000	103,850	803,850
2011	745,000	68,850	813,850
2012	<u>790,000</u>	<u>31,600</u>	<u>821,600</u>
TOTAL	\$ <u>3,520,000</u>	\$ <u>509,250</u>	\$ <u>4,029,250</u>
Total bonded indebtedness at July 1, 2006			\$ 4,110,000
Issuances			-0-
Maturities			<u>(590,000)</u>
Total Bonded indebtedness at June 30, 2007			\$ <u>3,520,000</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 8 - LONG TERM DEBT (CONTINUED)**

Bond issue of 2002:

In May, 2002, the Board issued \$8,000,000 in General Obligation Bonds to provide funds to construct Ronceverte Elementary School. The bonds mature in varying annual increments through May 1, 2017 and interest is payable semi-annually at rates varying from 3.25% to 4.30%. Payment on the General Obligation Bonds payable during the year were made from the Debt Service Fund.

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2007, including interest payments, are listed as follows:

<u>Year Ending June 30,</u>	\$	475,000	\$	240,070	\$	715,070
2008		500,000		223,445		723,445
2009		525,000		203,445		728,445
2010		550,000		182,445		732,445
2011		575,000		160,445		735,445
2012		605,000		137,445		742,445
2013		635,000		113,245		748,245
2014		665,000		87,845		752,845
2015		695,000		60,580		755,580
2016		<u>730,000</u>		<u>31,390</u>		<u>761,390</u>
2017		<u>5,955,000</u>		<u>1,440,355</u>		<u>7,395,355</u>
TOTAL						\$ 6,410,000
Total bonded indebtedness at July 1, 2006						-0-
Issuances						<u>(455,000)</u>
Maturities						\$ <u>5,955,000</u>
Total Bonded indebtedness at June 30, 2007						

Of the total amount required to amortize all General Obligation Bonds outstanding as of June 30, 2007, including interest payments, the following summarizes the current and long-term portions:

Total bonds payable at June 30, 2007	\$	9,475,000
Less: Current portion		<u>(1,100,000)</u>
Long-term bonds payable	\$	<u>8,375,000</u>

**NOTE 9 - LEASES**

The Board has entered into a capital lease - purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of Qualified Zone Academy Bonds (QZAB). The funding was used for renovations at Greenbrier East High School and that asset is leased from Bank of America for a period of fourteen years beginning April 1, 2002. At the end of the contract period, the Board will have ownership of the project. By contract, the Board has the option of discontinuing the lease purchase and returning the project at the end of any fiscal year, if funding for the lease payment for the next fiscal year is not available.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 9 - LEASES (CONTINUED)**

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2007 for the Board's capital lease:

<u>Year Ending June 30.</u>	<u>Amount</u>
2008	\$ 67,482
2009	69,692
2010	71,973
2011	74,330
2012	76,764
2013	79,277
2014	81,873
2015	84,554
2016	<u>87,411</u>
Total minimum lease payments	693,356
Less: Amount representing interest	<u>-0-</u>
Present value of net minimum lease payments	\$ <u>693,356</u>

The above schedule includes the interest earning factor on the escrow account related to the QZAB.

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM**

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System or the Teachers' Defined Contribution Retirement System. For the year ended June 30, 2007, the Board's total payroll for all employees was \$28,355,154 and the payroll was \$26,436,570 for employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA totaling \$2,372,751) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Trend Information: Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Conversion of Leave for Post-Retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit is the liability of the West Virginia Consolidated Public Retirement Board while the payment of health insurance premiums must be absorbed by the last agency employing the retiree.

**Teachers' Defined Benefit Retirement System:**

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple employer public employee defined benefit retirement system which was established on July 1, 1941 and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average of the member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% joint and survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding Status: According to the 2006 actuarial valuation report of the Teachers Retirement System, the Plan's actual unfunded liability was \$4.7 billion as of July 1, 2006.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board of Education contributes 15% of covered members' gross compensation to the Retirement Plan for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the Board of Education contributes 7.5% of covered member's gross compensation to the retirement plan, for a total of 13.5% annually.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**Teachers' Defined Benefit Retirement System: (Continued)**

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

The required contributions for the year ended June 30, 2007 and the two previous years are as follows:

<u>Year ended June 30</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Required contributions	\$ 334,533,000	\$ 339,815,000	\$ 327,068,000
As a % of current year covered payroll	23.66%	23.83%	23.50%

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 2007 were:

Employees' contributions (6%)	\$ 869,761
Employer's contributions (15% or 7.5%)	<u>2,043,269</u>
Total contributions	\$ <u>2,913,030</u>

**Teachers' Defined Contribution Retirement System:**

Plan Description: All board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teacher's Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. A merger whereby the Defined Contribution Plan would cease to exist and all assets and members be transferred into the Defined Benefit Plan was slated to occur on July 1, 2006. However, that merger was ruled unconstitutional and is now being appealed by the CPRB.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at the beginning of each calendar quarter. Seven investment options are provided from which a participant may choose in multiples of five percent. The investment options are: Vanguard Money Market Fund, Bond Fund of America, Franklin Income Fund, Fidelity Growth Opportunities, Washington Mutual Investors, Federated Max - Cap, and VALIC Individually Allocated Fixed Annuity.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**Teachers' Defined Contribution Retirement System (Continued)**

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2006, this plan had approximately \$748.3 million in net assets for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Milliman & Robertson, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the defined contribution plan for fiscal year 2007 were:

Employees' contributions (4.5%)	\$ 537,330
Employer's contributions (7.5%)	<u>895,548</u>
Total contributions	\$ <u>1,432,878</u>

**NOTE 11 - PENDING LITIGATION**

The Board is involved in a number of legal proceedings and claims, involving students, employees, and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a materially adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 12 - RESTATEMENT OF BEGINNING FUND BALANCE**

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

	<u>Special Revenue Fund</u>
Fund balance at June 30, 2006, as previously stated	\$ 636,622
Total adjustments (See Below)	<u>(675,332)</u>
Fund balance at June 30, 2006, restated	\$ <u>(38,710)</u>

The adjustment consisted of the following:

**Special Revenue Fund:**

Revenue was recognized in 2006 from special projects which was not earned. Had the error not been made, the excess of revenues and other financing sources over expenditures and other uses for 2006 would have been decreased by \$675,332.

**NOTE 13 - SUBSEQUENT EVENTS**

The Board was awarded a \$387,125 grant from the School Building Authority on July 1, 2007 for renovations to Frankford Elementary School. The total cost of the project is estimated to be \$455,441.

**NOTE 14 - INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2007 is as follows:

**Due To/From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue	General Current Expense	\$ <u>76,713</u>
Total		\$ <u>76,713</u>

During the year ended June 30, 2007, the general current expense fund transferred \$1,269,337 to other funds.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007**

**NOTE 14 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**Interfund Transfers:**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Special Revenue	General Current Expense	\$ 1,211,895
Debt Service	General Current Expense	57,442

Transfers within the reporting entity are primarily for the purpose of subsidizing operations on a routine basis.

**NOTE 16 - MAJOR SOURCES OF REVENUE**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**



**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL CURRENT EXPENSE FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 11,464,770	\$ 11,826,770	\$ 11,876,818	\$ 50,048
Other local sources	328,500	1,056,420	1,137,728	81,308
State sources	25,313,760	25,533,981	25,537,803	3,822
Federal sources	960,000	1,217,605	1,208,875	(8,730)
<b>TOTAL REVENUES</b>	<u>38,067,030</u>	<u>39,634,776</u>	<u>39,761,224</u>	<u>126,448</u>
<b>EXPENDITURES:</b>				
Instruction	24,382,400	24,457,284	24,317,506	139,778
Supporting services:				
Students	500,230	653,703	634,656	19,047
Instructional staff	497,350	606,119	600,159	5,960
Central administration	915,870	1,033,492	1,024,687	8,805
School administration	2,267,970	2,244,979	2,238,139	6,840
Business	270,430	297,923	292,881	5,042
Operation and maintenance of facilities	4,845,940	4,961,019	4,950,691	10,328
Transportation	3,513,770	3,752,059	3,529,021	223,038
Food Service	-0-	1,250	650	600
Community services	60,950	80,952	80,952	-0-
Reserve for contingencies	355,400	1,253,901	-0-	1,253,901
<b>TOTAL EXPENDITURES</b>	<u>37,610,310</u>	<u>39,342,681</u>	<u>37,669,342</u>	<u>1,673,339</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>456,720</u>	<u>292,095</u>	<u>2,091,882</u>	<u>1,799,787</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	(1,056,720)	(1,116,720)	(1,269,337)	(152,617)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,056,720)</u>	<u>(1,116,720)</u>	<u>(1,269,337)</u>	<u>(152,617)</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES</b>	(600,000)	(824,625)	822,545	1,647,170
<b>FUND BALANCE - JULY 1, 2006</b>	<u>600,000</u>	<u>824,625</u>	<u>829,624</u>	<u>4,999</u>
<b>FUND BALANCE - JUNE 30, 2007</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,652,169</u>	\$ <u>1,652,169</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local sources	\$ 454,550	\$ 541,057	\$ 527,514	\$ (13,543)
State sources	1,501,780	1,810,316	1,685,171	(125,145)
Federal sources	<u>5,802,010</u>	<u>7,544,180</u>	<u>6,994,399</u>	<u>(549,781)</u>
<b>TOTAL REVENUES</b>	<u>7,758,340</u>	<u>9,895,553</u>	<u>9,207,084</u>	<u>(688,469)</u>
<b>EXPENDITURES:</b>				
Instruction	4,795,480	6,630,819	5,730,043	900,776
Supporting services:				
Students	-0-	195,149	172,181	22,968
Instructional staff	713,990	730,263	462,569	267,694
Central administration	106,990	337,571	308,101	29,470
Operation and maintenance of facilities	-0-	301,704	86,986	214,718
Transportation	444,640	522,595	510,946	11,649
Food services	2,696,520	2,748,060	2,866,046	(117,986)
Community Services	-0-	1,551	-0-	1,551
<b>TOTAL EXPENDITURES</b>	<u>8,757,620</u>	<u>11,467,712</u>	<u>10,136,872</u>	<u>1,330,840</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<u>(999,280)</u>	<u>(1,572,159)</u>	<u>(929,788)</u>	<u>642,371</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	<u>999,280</u>	<u>1,093,607</u>	<u>1,211,895</u>	<u>118,288</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>999,280</u>	<u>1,093,607</u>	<u>1,211,895</u>	<u>118,288</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES</b>	-0-	(478,552)	282,107	760,659
<b>FUND BALANCE - JULY 1, 2006, AS RESTATED</b>	<u>-0-</u>	<u>478,552</u>	<u>(38,710)</u>	<u>(517,262)</u>
<b>FUND BALANCE - JUNE 30, 2007</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>243,397</u>	\$ <u>243,397</u>

**OTHER SUPPLEMENTARY INFORMATION**

**GREENBRIER COUNTY, WEST VIRGINIA**  
**BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 1,500,600	\$ 1,500,600	\$ 1,707,735	\$ 207,135
Other local sources	<u>250</u>	<u>250</u>	<u>97,467</u>	<u>97,217</u>
<b>TOTAL REVENUES</b>	<u>1,500,850</u>	<u>1,500,850</u>	<u>1,805,202</u>	<u>304,352</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	1,114,690	1,114,690	1,110,392	4,298
Interest and fiscal charges	<u>443,600</u>	<u>443,600</u>	<u>457,563</u>	<u>(13,963)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,558,290</u>	<u>1,558,290</u>	<u>1,567,955</u>	<u>(9,665)</u>
 <b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	 <u>(57,440)</u>	 <u>(57,440)</u>	 <u>237,247</u>	 <u>294,687</u>
 <b>OTHER FINANCIAL SOURCES (USES):</b>				
Transfers	<u>57,440</u>	<u>57,440</u>	<u>57,442</u>	<u>2</u>
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>57,440</u>	<u>57,440</u>	<u>57,442</u>	<u>2</u>
 <b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	 -0-	 -0-	 294,689	 294,689
 <b>FUND BALANCE - JULY 1, 2006</b>	 <u>-0-</u>	 <u>-0-</u>	 <u>1,154,106</u>	 <u>1,154,106</u>
 <b>FUND BALANCE - JUNE 30, 2007</b>	 <u>\$ -0-</u>	 <u>\$ -0-</u>	 <u>\$ 1,448,795</u>	 <u>\$ 1,448,795</u>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS  
YEAR ENDED JUNE 30, 2007**

	Cash Balance <u>7/1/06</u>	Revenues <u>Received</u>	Expenditures <u>Paid</u>	Cash Balance <u>6/30/07</u>
<b>High Schools:</b>				
Greenbrier East High School	\$ 109,387	\$ 557,584	\$ 572,165	\$ 94,806
Greenbrier West High School	<u>32,550</u>	<u>169,291</u>	<u>166,512</u>	<u>35,329</u>
<b>Total high schools</b>	<u>141,937</u>	<u>726,875</u>	<u>738,677</u>	<u>130,135</u>
<b>Middle and Junior High Schools:</b>				
Eastern Greenbrier Middle School	86,726	108,878	105,325	90,279
Western Greenbrier Middle School	<u>56,782</u>	<u>89,817</u>	<u>98,826</u>	<u>47,773</u>
<b>Total middle and junior high schools</b>	<u>143,508</u>	<u>198,695</u>	<u>204,151</u>	<u>138,052</u>
<b>Elementary Schools:</b>				
Crichton Elementary School	20,603	15,963	17,378	19,188
Rainelle Elementary School	35,031	43,835	33,995	44,871
Rupert Elementary School	24,812	20,978	21,080	24,710
Smoot Elementary School	51,157	66,220	40,629	76,748
Williamsburg Elementary School	9,761	7,982	14,672	3,071
Alderson Elementary School	35,264	38,519	32,634	41,149
Frankford Elementary School	42,113	23,594	29,517	36,190
Lewisburg Elementary School	21,430	47,184	42,075	26,539
Ronceverte Elementary School	36,361	39,016	32,379	42,998
White Sulpher Springs Elementary School	<u>24,690</u>	<u>59,235</u>	<u>52,248</u>	<u>31,677</u>
<b>Total elementary schools</b>	<u>301,222</u>	<u>362,526</u>	<u>316,607</u>	<u>347,141</u>
<b>Total</b>	<b>\$ <u>586,667</u></b>	<b>\$ <u>1,288,096</u></b>	<b>\$ <u>1,259,435</u></b>	<b>\$ <u>615,328</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Pass-through West Virginia			
Department of Education:			
School Breakfast Program	10.553	88	\$ 272,959
National School Lunch Program	10.555	49 & 88	897,149
Summer Food Service Program	10.559	88	<u>36,186</u>
Child Nutrition Cluster Subtotal			1,206,294
Pass-through West Virginia			
Department of Education:			
Leading the change	10.574	88	5,109
Pass-through West Virginia			
Department of Agriculture:			
Food Distribution	10.550	88	130,907
Pass-through West Virginia			
Office of the State Auditor:			
Schools and roads - grants to state	10.665	N/A	<u>150,330</u>
Total U.S. Department of Agriculture			<u>1,492,640</u>
<b>U.S. Department of Education</b>			
Special Education Cluster			
Pass-through West Virginia			
Department of Education:			
Idea Part B-School Age	84.027	43	1,495,394
Idea Part B-Preschool	84.173	43	<u>77,654</u>
Special Education Cluster Subtotal			1,573,048

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education</b>			
Pass-through West Virginia			
Department of Education:			
Title II Teacher and Principal Training	84.367	40	423,216
Title I	84.010	41	1,828,025
Title I	84.332	41	84,505
Title V	84.298	42	12,810
Katrina-General Education	84.938	49	9,000
Vocational Education	84.048	50	105,258
Homeless Children and Youth	84.196	54	21,024
Enhancing Education Through Technology	84.318	58	44,208
Rural Education	84.358	59	129,843
Adult Education	84.002	61	<u>64,818</u>
Total U.S. Department of Education			<u>4,295,755</u>
<b>U.S. Department of Health and Human Services</b>			
Head Start	93.600	32	940,767
Pass-through West Virginia			
Department of Education:			
Learn and serve America	94.004	44	<u>1,668</u>
Total U.S. Department of Health and Human Services			<u>942,435</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>6,730,830</u></b>

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Greenbrier County, West Virginia Board of Education and is prepared in conformity with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**NOTE 2 - NON-CASH ASSISTANCE**

Greenbrier County, West Virginia Board of Education's non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of \$130,907 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2007.

**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

**Ware & Hall, PLLC**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

We have audited the financial statements of the governmental activities and each major fund of Greenbrier County, West Virginia Board of Education, as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements and have issued our report thereon dated March 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Greenbrier County, West Virginia Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greenbrier County, West Virginia Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Greenbrier

County, West Virginia Board of Education's financial statements that is more than inconsequential will not be prevented or detected by Greenbrier County, West Virginia Board of Education's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-1 through 07-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Greenbrier County, West Virginia Board of Education's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-3 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenbrier County, West Virginia Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted one matter that we reported to management of Greenbrier County, West Virginia Board of Education in a separate letter dated March 8, 2008.

Greenbrier County, West Virginia Board of Education's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Greenbrier County, West Virginia Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Greenbrier County, West Virginia Board Members, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Warr & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

**Compliance**

We have audited the compliance of Greenbrier County, West Virginia Board of Education, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Greenbrier County, West Virginia Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greenbrier County, West Virginia Board of Education's management. Our responsibility is to express an opinion on Greenbrier County, West Virginia Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greenbrier County, West Virginia Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Greenbrier County Board of Education's compliance with those requirements.

In our opinion, Greenbrier County, West Virginia Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Greenbrier Count, West Virginia Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greenbrier County, West Virginia Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greenbrier County, West Virginia Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greenbrier County, West Virginia Board of Education's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Greenbrier County, West Virginia Board of Education Board Members, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ware & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**



# Greenbrier County Schools

*John D. Curry, Superintendent*

March 8, 2008

Ware, & Hall, PLLC.  
PO Box 819  
Huntington, WV 25712-0819  
Attn: Dan Ware

Dear Sirs, please let this letter serve as documentation of our prior year audit findings and their respective status. Our responses are as follows:

**Finding # 1 06-1 Reconciliation of Accounting Records to Supporting Information:**

**Condition:** During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Certain checks were reported twice on the outstanding check listing which resulted in cash being understated by approximately \$ 42,500. In addition, employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2006. Thus, the year end liability was overstated by approximately \$ 163,700.

**Criteria:** Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

**Effect:** The error in the reconciliation resulted in inaccurate financial reporting.

**Recommendation:** Review and re-evaluate the year end account reconciliation procedures.

A reconciliation finding was also noted in the prior year audit.

**Response:** This process has improved from the prior year. A better understanding and handling of outstanding checks have been recognized. Continued improvements will be made in the year end reconciliation processes going forward.

**Finding # 2 06-2 Employee Attendance Records:**

**Condition:** During our audit, we noted numerous instances where employee attendance records did not contain documentation evidence of approval by the employee or their supervisor.

**Criteria:** Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

**Effect:** Failure to obtain signatures of the employee and their supervisor on the attendance could result in payment of time not actually worked by the employee.

**Recommendation:** Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

**Response:** The treasurer has reminded all building principals that employees are required to indicate the accuracy of their time reporting by initialing the time sheets for each location; in addition the building principal is to also sign off on the work report. New time reporting sheets have been implemented for FY 08, and seem to be functioning better than past. Continued efforts are being made to fully implement the Substitute Calling System with WVEIS for payroll reporting as this problem should also help alleviate the finding.

Respectfully submitted,



David A. McClure  
Treasurer

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**A. SUMMARY OF AUDITOR'S RESULTS**

- 1) The independent auditor's report expresses an unqualified opinion on the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 2) Three significant deficiencies were identified during the audit of the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007. Significant deficiency 07-3 was considered to be a material weakness.
- 3) No instances of noncompliance material to the financial statements of Greenbrier County, West Virginia Board of education for the year ended June 30, 2007 were noted during the audit.
- 4) No significant deficiencies were identified during the audit of the major federal award programs of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 5) The independent auditor's report on compliance for the major federal award programs for Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007 expresses an unqualified opinion on all major federal programs.
- 6) No audit findings were identified which are required to be reported under § .510(a) of OMB Circular A-133.
- 7) The following programs were tested as major programs:

<u>Program</u>	<u>CFDA #</u>
U.S. Department of Education	
Special Education Cluster	
Pass-through West Virginia	
Department of Education	
Idea Part B - School Age	84.027
Idea Part B - Preschool	84.173
Pass-through West Virginia	
Department of Education	
Title I	84.010
Rural Education	84.358
Title II	84.367

- 8) The threshold for distinguishing Type A and B Programs was the greater of \$300,000 or 3% of total federal awards expended by Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007.
- 9) Greenbrier County, West Virginia Board of Education has not qualified as a low-risk auditee under § .530 of OMB Circular A-133 for the year ended June 30, 2007.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

■ **Significant Deficiencies**

**07-1 Reconciliation of Accounting Records to Supporting Information**

**Condition:** During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2007. Thus, the year end cash balance and benefits payable liability were overstated by approximately \$171,000.

**Criteria:** Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

**Effect:** The error in the reconciliations resulted in inaccurate financial reporting.

**Recommendation:** Review and re-evaluate the year end account reconciliation procedures.

This finding was also noted in the prior year audit.

**07-2 Employee Attendance Records**

**Condition:** During our audit, we noted numerous instances where employee attendance records did not contain documentational evidence of approval by the employee or their supervisor.

**Criteria:** Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

**Effect:** Failure to obtain signatures of the employee and their supervisor on the attendance records could result in payment for time not actually worked by the employee.

**Recommendation:** Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

This finding was also noted in the prior year audit.

**GREENBRIER COUNTY, WEST VIRGINIA  
BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

**07-3 Basis of Accounting**

Condition: During the fiscal year ended June 30, 2007, the Board changed from a statutory basis of accounting prescribed by the West Virginia Department of Education to accounting principles generally accepted in the United States of America inclusive of adoption of GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In connection therewith, we noted errors in the recording and reporting of certain transactions required to convert to the new basis of accounting.

Criteria: Internal controls should be suitably designed and operated to ensure that transactions are properly recorded and reported in accordance with generally accepted accounting principles.

Effect: Management has not provided financial statements presented in accordance with generally accepted accounting principles.

Recommendation: Review procedures should be strengthened to ensure that transactions are recorded completely, timely and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

■ **Noncompliance Findings**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

■ **Significant Deficiencies**

None

■ **Noncompliance Findings**

None

**CORRECTIVE ACTION PLAN**



# *Greenbrier County Schools*

*John D. Curry, Superintendent*

March 8, 2008

Ware, & Hall, PLLC.  
PO Box 819  
Huntington, WV 25712-0819  
Attn: Dan Ware

Dear Sirs, please let this letter serve as documentation of our corrective action plan concerning the three audit findings noted in the audit of our financial records for Fiscal Year End June 30, 2007. Our responses are as follows:

**Finding # 1 07-1 Reconciliation of Accounting Records to Supporting Information:**

**Condition:** During our audit, we noted errors in the year end reconciliation procedures over cash and accrued salaries and related withholdings payable. Employee retirement withholdings which were remitted to the West Virginia Public Employees Retirement System by year end were erroneously reported as a liability at June 30, 2007. Thus the year end cash benefits payable liability was overstated by approximately \$ 171,000.

**Criteria:** Proper internal control procedures require the performance of reconciliation procedures to ensure transactions are recorded and reported accurately in the financial statements.

**Effect:** The error in the reconciliation resulted in inaccurate financial reporting.

**Recommendation:** Review and re-evaluate the year end account reconciliation procedures.

The finding was also noted in the prior year audit.

**Response:** Continued improvement will be made to eliminate these types of findings in the future. In an effort to correct prior year findings, the payable was inadvertently included on the cash reconciliation, thus both overstating the asset and liability accounts.

**Finding # 2 06-2 Employee Attendance Records:**

**Condition:** During our audit, we noted numerous instances where employee attendance records did not contain documentation evidence of approval by the employee or their supervisor.

**Criteria:** Proper internal control procedures require employee attendance records to be signed by the employee and their supervisor to validate the information is accurate.

**Effect:** Failure to obtain signatures of the employee and their supervisor on the attendance could result in payment of time not actually worked by the employee.

**Recommendation:** Revise the employee attendance record keeping procedures to require the signatures of the employee and their supervisor.

The finding was also noted in the prior year audit.

**Response:** The treasurer will remind all building principals that employees are required to indicate the accuracy of their time reporting by initialing the time sheets for each location; in addition the building principal is to also sign off on the work report. New time reporting sheets have been implemented for FY 08, and seem to be functioning better than past. Continued efforts are being made to fully implement the Substitute Calling System with WVEIS for payroll reporting as this problem should also help alleviate the finding.

**Finding # 3 07-3 Basis of Accounting:**

**Condition:** During the fiscal year ended June 30, 2007, the Board changed from a statutory basis of accounting prescribed by the West Virginia Department of Education to accounting principles generally accepted in the United States of America inclusive of adoption of GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In connection therewith, we noted errors in the recording and reporting certain transactions required to convert to the new basis of accounting.

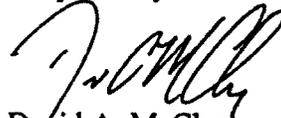
**Criteria:** Internal controls should be suitably designed and operated to ensure that transactions are properly recorded and reported in accordance with generally accepted accounting principles.

**Effect:** Management has not provided financial statements presented in accordance with generally accepted accounting principles.

Recommendation: Review procedures should be strengthened to ensure that transactions are recorded completely, timely and accurately in order to prepare financial statements in accordance with generally accepted accounting principles.

Responses: Continued emphasis will be placed to ensure that the financial statements are presented accurately and as prescribed by generally accepted accounting principles. As full implementation of GASB 34 occurred it also changed the timing of certain revenue recognition principles. Continued emphasis will be made to ensure accurate reporting and compliance with these recognition principals.

Respectfully submitted,



David A. McClure  
Treasurer

# Ware & Hall, PLLC

Certified Public Accountants

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The Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Lewisburg, West Virginia

In planning and performing our audit of the financial statements of Greenbrier County, West Virginia Board of Education for the year ended June 30, 2007, we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control. In accordance with the requirements of Government Auditing Standards, we have also audited the Organization's compliance with the requirements of certain provisions of laws, regulations, contracts and grant agreements.

During our audit, we became aware of one immaterial instance of noncompliance with certain provisions of laws, regulations, contracts and grant agreements which is not required to be reported under Government Auditing Standards. The following summarizes our comments and suggestions regarding this matter. We have previously reported on the Organization's internal control and compliance in our reports dated March 8, 2008 and this letter does not affect our reports on the financial statements, internal control or compliance of Greenbrier County, West Virginia Board of Education, for the year ended June 30, 2007.

We will be pleased to discuss this comment in further detail at your convenience. Our comment is summarized as follows:

**West Virginia Code §11-8-26, Unlawful Expenditure and §18-9B-10, Restrictions on County Boards**

Condition: Greenbrier County, West Virginia Board of Education over-expended the budgetary categories as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
<u>Special Revenue Fund</u>			
Food Service	\$ 2,748,060	\$ 2,866,046	\$(117,986)
<u>Debt Service Fund</u>			
Interest and Fiscal Charges	443,600	457,563	(13,963)

The Honorable Members of  
Greenbrier County, West Virginia  
Board of Education  
Page 2

Criteria: West Virginia Code §11-8-26 states that "a local fiscal body shall not expend money or incur obligations:

- 1) In an unauthorized manner;
- 2) For an unauthorized purpose;
- 3) In excess of the amount allocated to the fund in the levy order;
- 4) In excess of the funds available for current expenses."

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding year.

The over expenditures in the Special Revenue Fund and Debt Service Fund did not result in an over expenditure of the total approved levy estimate.

In addition, West Virginia Code §18-9B-10 states that "county boards of education shall:

- 1) Authorize the expenditure of funds and incur obligations only in accordance with the budget and the expenditure schedule;
- 2) Make transfers between items of appropriation only with the prior written approval of the board of finance."

Effect: The Board is in noncompliance with these code sections.

Recommendation: The Board should obtain approval of budget revisions from the West Virginia Department of Education prior to incurring the obligation.

We wish to thank management and employees for their support and assistance during our audit.

This report is intended solely for the information and use of Greenbrier County Board members, management, federal awarding agencies and pass-through entities and the State of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

*Ware & Hall PLLC*

Huntington, West Virginia  
March 8, 2008

## APPENDIX B

### Economic and Demographic Data

#### COUNTY OF GREENBRIER (WEST VIRGINIA)

##### Introduction

**Location:** Greenbrier County is located in southeast West Virginia, partly on the Allegheny Plateau

**County Seat:** Lewisburg

**Commissioners:** Lowell C. Rose, President, Brad Tuckwiller and Betty D. Crookshanks

##### Population

Year	Greenbrier County	West Virginia	United States
1990	34,683	1,792,548	249,622,814
2000	34,423	1,807,326	282,194,308
2006	34,566	1,808,699	298,754,819

Source: U.S. Bureau of Economic Analysis, Census Bureau

##### Economy

The ten (10) largest employers for the year 2008 in the County are:

- 1 CSX Hotels, Inc. (The Greenbrier)
- 2 Greenbrier County Board of Education
- 3 Greenbrier Valley Medical Center
- 4 Wal-Mart Stores, Inc.
- 5 West Virginia Department of Highways
- 6 West Virginia School of Osteopathic Medicine
- 7 Greenbrier Resort Management
- 8 Nicholas Turkey Breeding Farms
- 9 ABB, Inc.
- 10 The Kroger Company

Source: West Virginia Bureau of Economic Analysis

**Average Annual Unemployment Rates (%)**

Year	Greenbrier County	West Virginia
2003	6.3	6.0
2004	5.7	5.3
2005	6.0	5.0
2006	5.9	4.7
2007	6.2	4.6
2008 (Oct.)	4.2	4.0

**Average Annual Employment by Industry**

Industry	2005	2006	2007 (3 <sup>rd</sup> Quarter)
Natural Resources & Mining	211	282	232
Construction	806	842	781
Manufacturing	849	823	897
Trade, Transportation & Utilities	2,692	2,720	2,851
Information	101	96	97
Financial Activities	369	400	386
Professional & Business Services	518	673	786
Education & Health Services	2,355	2,339	2,327
Leisure and Hospitality	2,731	2,794	3,110
Other Services	379	370	412
Government	<u>2,195</u>	<u>2,241</u>	<u>2,212</u>
<b>TOTAL</b>	<b>13,221</b>	<b>13,604</b>	<b>14,110</b>

**Average Employment and Annual Wage**

	Average Employment		Average Weekly Wage	
	2000	2007	2001	2007 (3 <sup>rd</sup> Quarter)
Greenbrier County	14,140	14,670	\$458.65	\$542.77
West Virginia	764,600	771,800	\$538.12	\$622.77

**Per Capita Personal Income**

County	2000	2004	2006	2006 Rank in State
United States	\$29,845	\$33,123	\$36,714	---
West Virginia	\$21,904	\$25,316	\$28,206	---
Greenbrier County	\$20,951	\$24,682	\$27,465	16

**Source:** U.S. Bureau of Economic Analysis & WVU College of Business & Economics

**Wages Per Industry (2007) (\$)**

<b>Industry</b>	<b>Total Wages</b>	<b>Average Weekly Wage</b>
Natural Resources & Mining	11,251,391	957.40
Construction	22,149,286	564.17
Manufacturing	30,587,342	669.19
Trade, Transportation & Utilities	68,199,952	470.25
Information	2,897,232	599.10
Financial Activities	13,216,368	650.02
Professional & Business Services	20,184,604	490.73
Education & Health Services	77,024,533	639.58
Leisure and Hospitality	68,283,607	488.52
Other Services	7,682,025	385.73
Government	<u>74,930,332</u>	<u>650.56</u>
<b>TOTAL</b>	<b>396,406,672</b>	<b>563.60</b>

**Total Wages (\$)**

<b>Year</b>	<b>Greenbrier County</b>	<b>West Virginia</b>
2003	325,872,099	19,849,663,121
2004	342,602,163	20,868,401,449
2005	356,472,826	21,793,516,080
2006	377,635,554	23,079,570,075
2007	396,406,672	24,083,126,318

Community Data

Education Facilities	
Elementary	10
Middle or Jr. High	2
High Schools	2
Vocational Schools	0
Colleges (within 50 miles):	
Greenbrier Center – New River Community and Technical College	
Dabney Lancaster Community College	
WV School of Osteopathic Medicine	

Recreational Facilities	
State Forests	1
State Parks	0
Wildlife Management Areas	2
Public Hiking Trails (miles)	97.5
Public Fishing & Boating Lakes	2
Recreational Rivers (boating/rafting)	1
Museums/Art Galleries	0
Golf Courses – Private/Public	6/0
National Forests	1
National Park & Recreational Areas	0
Amphitheaters/Performing Arts Centers	3
Pro/Semi-pro Sports Teams	0
Regional Shopping Centers/Malls/ outlets within 25 miles	1
Major Private Recreation/Resort Areas	1
Civic/Convention Centers	1
Medical	
Hospitals	1
Beds	122
Doctors	123
Dentists	17
Licensed Nursing Homes	4
Beds	318

Transportation	
Highways:	
Interstates	I-64
WV Routes	3, 12, 20, 39, 63, 92, 311
US Routes	60, 219
Motor freight carriers	4
River, nearest navigable	Kanawha (100 miles)
Industrial Parks	0
Industrial Sites	0
Airports:	Greenbrier Valley Airport
Railroads:	Freight/Passenger
Motor Freight Carriers	4
Bus Service	2

Media	
Newspapers:	4
Telephone:	3
TV Station	0
Radio Stations	6

Utilities	
Electricity:	3
Sewer:	4
Telephone Service:	2
Natural Gas:	1
Water	8

Other Data	
Licensed Day Care Centers	11
Banks (including branches)	15
Libraries	7

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis, except where otherwise noted.

## APPENDIX C

### Proposed Form of Legal Opinion

December 23, 2008

The Board of Education of the  
County of Greenbrier  
200 Elizabeth Street  
Charleston, West Virginia 25301

Re: \$2,655,000 The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008

Ladies & Gentlemen:

We have examined certified copies of the proceedings of The Board of Education of the County of Greenbrier, West Virginia (the "Board"), and other proofs submitted to us relative to the issuance and sale of \$2,655,000 in aggregate principal amounts of The Board of Education of the County of Greenbrier (West Virginia) Public School Refunding Bonds, Series 2008, dated December 23, 2008 (the "Refunding Bonds").

The Refunding Bonds are authorized to be issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and under and pursuant to a Resolution and Order duly adopted and entered by the Board on December 4, 2008 (the "Resolution") for the primary purpose of current refunding The Board of Education of the County of Greenbrier (West Virginia) Public School Bonds, Series 1997 outstanding on the date hereof in the aggregate principal amount of \$2,895,000 (the "Series 1997 Bonds").

Based upon the proofs and proceedings examined, we are of the opinion as follows:

(1) The Board is a validly existing statutory corporation charged with the supervision and control of the District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Refunding Bonds.

(2) Under the Refunding Act, the Refunding Bonds are exempt from all taxation by the State or by any political subdivision thereof.

(3) The issuance and sale of the Refunding Bonds have been duly authorized pursuant to and in full compliance with the Constitution of the State of West Virginia, the Refunding Act and the Resolution.

(4) The Refunding Bonds are valid and legally binding general obligations of the Board and, unless paid from other sources, the principal of and interest on the Refunding Bonds are payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

(5) The Series 1997 Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Board to the owners of the Series 1997 Bonds have been satisfied and discharged. In rendering the opinion set forth in this Paragraph 5, we have relied upon the opinion provided by Smith, Cochran and Hicks, independent certified public accountants, that, based on schedules provided to and verified as to mathematical accuracy by them, the anticipated receipts from described direct obligations of the United States of America (the "Governmental Obligations") (including

those purchased with the proceeds of the Refunding Bonds) deposited in The Board of Education of the County of Greenbrier Series 1997 Bonds Escrow Deposit Fund (the "Escrow Deposit Fund") established with the West Virginia Municipal Bond Commission, together with certain cash also deposited, will be sufficient to pay, when due, the principal of and interest on the Series 1997 Bonds to maturity.

(6) Under existing statutes and court decisions, interest on the Refunding Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated pursuant thereto, and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. Under the Code, however, interest on the Refunding Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth in the proceeding sentences are subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Refunding Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Refunding Bonds. Other than as set forth in paragraph 7 below, we express no opinion regarding other tax consequences with respect to the Refunding Bonds.

(7) The Issuer has designated the bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue, together with subordinate entities, more than \$10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 2008. Therefore, 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 purchase or 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.

This opinion is limited to the extent that the enforceability of rights or remedies with respect to the Refunding Bonds may be limited by bankruptcy, insolvency, moratorium, general principles of equity, the exercise of judicial discretion or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined the executed Refunding Bond No. R-1 and, in our opinion, the form of said Refunding Bond and its execution are regular and proper.

Very truly yours,

## APPENDIX D

### Book-Entry Only System

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

DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” under the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities on behalf of its participants (the “Participants”) and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

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

Purchasers of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

## APPENDIX E

Elected Officials of the Board  
Appointed Officials of the Board

### ELECTED OFFICIALS OF THE BOARD

#### **Kathy King, President**

Mrs. King was appointed to serve the unexpired term of an elected board member on January 22, 2002, through June 30, 2002. She attended West Virginia Wesleyan College and the College of West Virginia and graduated with a degree in Organizational Leadership and Development Management. She also is a graduate of the Stonier Graduate School of Banking. She is currently the Director of Audit and Compliance for the First National Bank of Ronceverte.

#### **Jeanie Wyatt, Board Member**

Mrs. Wyatt was born in Ronceverte, West Virginia and raised in Lewisburg. She is the daughter of Alvin and Eleanor Porterfield, educators in Greenbrier County Schools. She is a graduate of Greenbrier East High School and West Virginia University. She worked as a dental hygienist for sixteen years; and part-time for the West Virginia Department of Health in Greenbrier County. Mrs. Wyatt was elected to the Board as a member in May of 2006, and took the oath of office in July of 2006.

#### **Hazel Reed, Board Member**

Mrs. Reed is a lifelong resident of Greenbrier County and resides in Clintonville. A retired school teacher, she graduated from Concord College and West Virginia University. She taught for twenty-four and one half years in Greenbrier County (Rupert Jr. High, Alderson Jr. High, Smoot Jr. High, and Western Greenbrier Jr. High – now middle school). Mrs. Reed also coached school sports during those years and was the Athletic Director while at Western Greenbrier. She has been serving on the Greenbrier County Board of Education since July of 2008.

#### **Bob Toothman, Board Member**

Mr. Toothman was elected to serve as a member of the Board beginning July 1, 2008. He is a graduate of Greenbrier High School, Concord College, and West Virginia College of Graduate Studies. He taught and coached at Smoot Junior High School; served as assistant principal at Greenbrier East High School and Lewisburg Elementary School. He served as principal at Smoot Elementary, Alderson Elementary, and Lewisburg Elementary. Mr. Toothman retired with 30 years of service to Greenbrier County Schools.

#### **William Edward Zopp, Board Member**

Mr. Zopp was born in Rainelle, West Virginia. He graduated from Rainelle High School, University of Charleston and the West Virginia College of Graduate Studies. He worked for Appalachian Power Company for ten years in sales and personnel. He worked in educational publishing, testing and textbook sales. Mr. Zopp worked for 30 years with standardized testing, consulting and sales. He currently serves a four-year term as a member of the Board effective as of July 1, 2008.

## **APPOINTED OFFICIALS OF THE BOARD**

### **John Curry, Superintendent**

Mr. Curry received Degrees from Pikeville College in Biology and Education, and from the University of West Virginia, College of Graduate Studies in Counseling and Administration. He has been involved with education in West Virginia for thirty-five years – two years in McDowell County and thirty-three years in Greenbrier County. While in Greenbrier County, Mr. Curry has taught at White Sulphur Springs Junior High School; a Counselor and Assistant Principal at Greenbrier East High School; Principal at Renick Junior High School; Assistant Principal and Principal at Eastern Greenbrier Junior High School; Director of Personnel and Title I; and for the past six years as Superintendent of Greenbrier County Schools.

### **David A. McClure, Treasurer**

Mr. McClure has been Treasurer for the Board since October, 2002. Prior to coming to the Board, he served as a Commercial Credit Analyst and Internal Auditor for Summit Financial Group. Mr. McClure holds a Masters of Business Administration from Liberty University and B.S. in Accountancy from Bluefield State College. Mr. McClure currently serves as adjunct faculty at New River Community and Technical College, as well as serving on the board for Carnegie Hall Inc. He is a member of the West Virginia Association of School Business Officials and ASBO Intl.

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (the “Issuer”), and UNITED BANK, INC., Charleston, West Virginia (the “Dissemination Agent”), in connection with the issuance of \$2,655,000, The Board of Education of the County of Greenbrier (West Virginia), Public School Refunding Bonds, Series 2008 (the “Bonds”);

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the “SEC”).

“Disclosure Representative” shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Holders” shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor thereto.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, (including the “voluntary central repository”, etc.)

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

“State Repository” shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

“Underwriter” shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

**SECTION 3. Provision of Annual Reports.**

(a) Within 180 days after the end of the fiscal year, the Dissemination Agent shall make a written request to the Issuer to provide the Annual Report to the Dissemination Agent.

(b) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2008-2009 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement and after July 1, 2009, in accordance with the amendment of § 240.15c2-12 of Title 17 of the Code of Federal Regulations as released by the Securities and Exchange Commission on December 8, 2008, effective July 1, 2009, to the MSRB in electronic format and as otherwise required by the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(c) Not later than thirty (30) Business Days prior to the date specified in subsection (b) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall make a second written request to the Issuer to provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall send a copy of such second request to the Underwriter.

(d) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (b), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(e) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

**SECTION 4. Content of Annual Report.** The Issuer’s Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

**SECTION 5. Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence 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 security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy



UNITED BANK, INC.  
A West Virginia State Banking corporation,

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Greenbrier (West Virginia)

Name of Bond Issue: \$\_\_\_\_\_ Public School Refunding Bonds, Series 2008

Date of Bond Issue: \_\_\_\_\_, 2008

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated \_\_\_\_\_, 2008, to be provided. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
on behalf of the Issuer

cc: [Issuer]





\$2,655,000.00  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2008

BOND PURCHASE AGREEMENT

December 16, 2008

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901

Ladies and Gentlemen:

Raymond James & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with The Board of Education of the County of Greenbrier (the "Board"). This offer is made subject to acceptance and execution of this Purchase Agreement by the Board prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the Board as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the President of the Board in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Board and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Resolution.

1. The Board of Education of the County of Greenbrier, Public School Refunding Bonds, Series 2008 (the "Bonds") are being issued, along with other available funds, (i) to refund the Board's Public School Bonds, Series 1997, issued in the original principal amount of \$8,000,000 (the "Refunded Bonds"); and (ii) to pay a portion of the costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Resolution and Order of the Board on December 4, 2008, (the "Resolution"). The Resolution shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Board's and Underwriter's counsel shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Board, and the Board agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of \$2,615,175 (\$2,655,000 minus Underwriter's Discount of \$39,825). The Bonds shall

{C1444891.3}

mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity and payment on such date is provided for, payable semiannually on May 1 and November 1 of each year, commencing May 1, 2009, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibits A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the Board, the Board shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement dated December 15, 2008 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the Board by its President as requested below.

3. The Official Statement has been approved for distribution by the Resolution. The Board authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Bonds.

On December 15, 2008, the Board delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the Board which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Board shall deliver or cause to be delivered to the Underwriter, after the acceptance by the Board of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the Board in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The Board covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the Board has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable

number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the Board so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the Board will furnish such information with respect to itself as the Underwriter from time to time reasonably request. The Underwriter hereby agrees that it will deposit or cause to be deposited with a nationally recognized municipal securities information repository a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the Board that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the Board from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December 23, 2008, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the Board will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the Board and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of Branch Banking and Trust Company, as Depository Bank (the "Depository Bank"), for the account of the West Virginia Municipal Bond Commission, as Escrow Agent, hereinafter defined. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The respective Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on December 22, 2008. The Board also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") at the time required by The Depository Trust Company.

5. The Board represents and warrants to the Underwriter and agrees that:

(a) The Board is duly organized and validly existing as a public corporation of the State of West Virginia authorized to administer the county school district pursuant to Chapter 18, Article 5 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The Board shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The Board has full legal right, power and authority to issue bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to adopt the Resolution and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The Board shall on or before the Closing have entered into an Escrow Agreement dated as of the date of the Bonds (the "Escrow Agreement") by and among the Board and the West Virginia Municipal Bond Commission (the "Escrow Agent" or "Paying Agent"), pursuant to which an escrow fund (the "Escrow Fund") shall be created. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds currently refunded on February 1, 2009, and for the benefit of the holders thereof. The Escrow Fund is to be invested as described in the Escrow Agreement;

(e) The cash deposited in the Escrow Fund, and the income to be derived from the investment thereof shall be sufficient to defease the Refunded Bonds described in the Escrow Agreement and the liens of the resolutions authorizing such bonds, all in accordance with the provisions of the Act;

(f) The information contained in the Preliminary Official Statement dated December 15, 2008, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(g) At the time of the Board's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) If the Official Statement is supplemented or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to

state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Board shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Board will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the Board and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(j) Prior to the Board's acceptance hereof, the Board delivered to the Underwriter copies of the Preliminary Official Statement which the Board deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the Board shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(k) For purposes of this Purchase Agreement, the End of the Underwriting Period for the Bonds shall mean the earlier of (a) the day of the Closing unless the Board has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the Board by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Board pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the Board in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule;

(l) At or prior to the Closing, the Board shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(m) The Board has duly authorized all necessary action to be taken by you for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Resolution and in the Official Statement; (2) the execution and delivery of the Resolution and the Undertaking; (3) the approval of the Official Statement and the execution of the Official Statement by the President of the Board; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Resolution, the Escrow Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Board in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the Official Statement;

(n) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding general obligations of the Board payable from the ad valorem taxes levied upon all taxable property within the School District and moneys pledged therefor under the Resolution and will be entitled to the benefit of the Resolution;

(o) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the Board (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, the Undertaking, this Purchase Agreement, the Escrow Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, this Purchase Agreement, the Undertaking, the Escrow Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(p) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Resolution, the Escrow Agreement and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the Board's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Board is subject or by which the Board is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(q) The Board has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Board is a bond issuer whose arbitrage certifications may not be relied upon;

(r) All financial statements of the Board included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the Board as of the respective dates and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the Board or any material adverse change in the general affairs, management, financial position, or results of the Board and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the Board, except as reflected in or contemplated by the Official Statement; and

(s) Any certificate signed by the President or any of the Board's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Board to the Underwriter as to the statements made therein.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Board made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Resolution, the Escrow Agreement and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel their obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the Board in writing of their election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, Resolution, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or 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 made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the Board; and

(c) At or prior to the Closing, the Underwriter and the Board shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(1) The unqualified approving opinions, dated as of the Closing Date, of Bowles Rice McDavid Graff & Love, LLP, Charleston, West Virginia, Bond

Counsel, in the forms attached as Appendix C to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit B;

(2) The opinion of Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board, dated as of the Closing Date and addressed to the Underwriter and the Board, in the forms attached hereto as Exhibit C;

(3) The opinion of Jackson Kelly PLLC, Charleston, West Virginia, counsel for the Underwriter, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit D;

(4) A certificate of the Escrow Agent dated as of the Closing Date, to the effect that (a) the Escrow Agent has the authority to act as Escrow Agent and for and in connection with the Refunded Bonds and has requisite powers to carry out its duties under the Escrow Agreement; and (b) the Escrow Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the Board and Paying Agent, the Escrow Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms;

(5) A certificate, satisfactory to the Underwriter, the President of the Board or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution, the Escrow Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Resolution, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound;

(6) Verification of the yield on the Series 2008 Bonds and the Escrow Fund and verification of the debt service savings obtained by refunding the Series 1997 Bonds by Smith, Cochran and Hicks, Certified Public Accountants, Charleston, West Virginia.

(7) Copies of this Purchase Agreement and the Escrow Agreement executed by the parties thereto;

(8) Executed copies of the Undertaking described in paragraph 5(j), in form and substance satisfactory to the Underwriter and counsel to the Underwriter;

(9) A certificate of the Board executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the Board is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(10) The Resolution, certified by the Secretary under the seal of the Board, as having been duly adopted by the Board and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(11) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(12) Evidence of an “AA-” rating from Standard & Poor’s; and

(13) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If the Board shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter’s obligations in this Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the Board shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the Board shall pay or cause to be paid from the proceeds of the Bonds, any fees and expenses incident to the performance of the Board’s obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Bowles Rice McDavid Graff & Love, LLP, Bond Counsel; (iv) the fees and disbursements of Bowles Rice McDavid Graff & Love, LLP, Counsel for the Board; (v) rating agency fees; [(vi) all advertising expenses in connection with the public offering of the Bonds;] (vii) the fees and disbursements of the Registrar; (viii) the fees and expenses of Counsel to the Underwriter; (ix) the fees and expenses of the Escrow Agent and

Paying Agent, if any; (x) the fees and expenses of Smith, Cochran and Hicks, Certified Public Accountants; and (xii) all other expenses and cost (including the fees and expenses of the Board) for the authorization, issuance, sale and distribution of the Bonds.

8. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the Board will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the Board, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the Board shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the Board. For the purposes of this paragraph, the Board will furnish such information with respect to themselves as the Underwriter from time to time may request.

9. Neither the officials of the Board nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the Board within this Purchase Agreement.

10. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the Board:

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, West Virginia 24901  
Attention: President

To the Underwriter:

Raymond James & Associates, Inc.  
500 Laidley Tower  
500 Lee Street, East  
Charleston, West Virginia 25301

11. This Purchase Agreement is made solely for the benefit of the Board and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Board in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

12. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

13. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the Board. This Purchase Agreement shall become legally effective upon its acceptance by the Board, as evidenced by the signature of the President of the Board in the space provided hereinafter therefor.

Raymond James & Associates, Inc.

By:   
Its: Director, Public Finance

ACCEPTED AND APPROVED:

The Board of Education of the County of Greenbrier

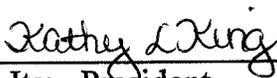
By:   
Its: President

EXHIBIT A-1

**Series 2008 Bonds**

**\$2,655,000 Serial Bonds**

<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
2009	\$620,000	3.500%	100.000	393658CF4
2010	\$645,000	3.500%	100.000	393658CG2
2011	\$680,000	3.500%	100.000	393658CH0
2012	\$710,000	3.500%	100.000	393658CJ6

The Series 2008 Bonds are not subject to redemption prior to the maturity thereof.

EXHIBIT B-1

[SUPPLEMENTAL BOND COUNSEL OPINION OF  
BOWLES RICE MCDAVID GRAFF & LOVE, LLP]

[Date of Closing]

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, WV 24901

Raymond James & Associates, Inc.  
500 Laidley Tower  
Charleston, WV 25301

Re: \$ \_\_\_\_\_ The Board of Education of the County of Greenbrier  
(West Virginia) Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The Board of Education of the County of Greenbrier (West Virginia) (the "Board") of its \$ \_\_\_\_\_ aggregate principal amount of Public School Refunding Bonds, Series 2008 (the "Series 2008 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2008 Bonds and the exclusion of interest on the Series 2008 Bonds from gross income of the holders thereof for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other documents and matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings ascribed thereto in the Bond Purchase Agreement (the "Purchase Agreement") dated \_\_\_\_\_, 2008, between the Board and Raymond James & Associates, Inc. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the Board, and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid, binding and enforceable obligation of the Board (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally and to the exercise of judicial discretion).

(2) The Board, under the Act, has full power and authority to adopt the Resolution, enter into the Escrow Agreement and the Purchase Agreement and perform its obligations thereunder.

(3) The Board has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Board, and the Board has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Series 2008 Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "Authority and Purpose," "Plan of Finance," "The Bonds," "Tax Exemption," "Legal Matters," "Ratings" and "Continuing Disclosure" and "Appendix C" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2008 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

EXHIBIT C-1

[LETTERHEAD OF BOWLES RICE MCDAVID GRAFF & LOVE, LLP,  
COUNSEL TO BOARD]

[Date of Closing]

The Board of Education of the County of Greenbrier  
P.O. Box 987  
202 Chestnut Street  
Lewisburg, WV 24901

Raymond James & Associates, Inc.  
500 Laidley Tower  
Charleston, WV 25301

Re: \$ \_\_\_\_\_ The Board of Education of the County of Greenbrier  
(West Virginia) Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

I have served as counsel to The Board of Education of the County of Greenbrier, West Virginia (the "Board") in connection with the sale of the above-referenced bonds (the "Series 2008 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of \_\_\_\_\_, 2008 (the "Purchase Agreement"), between Raymond James & Associates, Inc. (the "Underwriter") and the Board. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2008 Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution of the Board, the Escrow Agreement, the Purchase Agreement, the Preliminary Official Statement dated \_\_\_\_\_, 2008, and the Final Official Statement dated \_\_\_\_\_, 2008, with respect to the issuance and offering of the Series 2008 Bonds (collectively, the "Official Statement") and a closing certificate of the Board. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Board is a validly existing statutory corporation charged with the supervision and control of the Greenbrier County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Series 2008 Bonds. The Board is authorized by the laws of the State of West Virginia, as provided by the Refunding Act, to enter into and perform its obligations under the Resolution, the Escrow Agreement and the Purchase Agreement.

2. The Board has full power and authority to consummate all transactions contemplated by the Series 2008 Bonds, the Purchase Agreement, the Escrow Agreement and any and other agreements relating thereto, to which the Board is a party.

3. The Board has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Escrow Agreement and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Board and the issuance and delivery of the Series 2008 Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Escrow Agreement and the Purchase Agreement have been duly and validly authorized, executed and delivered by the Board and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Board, enforceable against the Board in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and to the exercise of judicial discretion.

5. The Resolution authorizing issuance of the Series 2008 Bonds has been duly adopted and entered at meetings of the Board which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

6. The execution and delivery of the Escrow Agreement and the Purchase Agreement by the Board and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the Board or, to the best of my knowledge after diligent inquiry and reasonable review of the Board's records, any agreement or other instrument to which the Board is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Board have been taken, and no additional approval, authorization, consent or other order of the Board or any public board or body is legally required to allow the Board to enter into and perform its obligations under the Escrow Agreement and the Purchase Agreement or as described in the Official Statement.

8. The Board is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Board.

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Board is a party or of which any property of the Board is subject, except as described in the Official Statement, which, if determined adversely to the Board, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2008 Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Board to comply with its obligations under the Escrow Agreement or the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Board.

10. Based upon my experience as counsel to the Board and on my review of the Official Statement, and after diligent inquiry, but without having undertaken to verify the same through independent investigation, the statements and information contained in the Official Statement under the captions or subcaptions "Greenbrier County School District," "Certain Financial Information," "A" "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters," "Verification Agent," "Future Bond Issue – Financial Advisor," "Continuing Disclosure," "Appendix A," "Appendix B" and "Appendix E" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, it being understood, that in rendering such opinion I express no opinion with respect to statistical data, financial statements, operating statistics and other financial data in the Official Statement, including Appendix A thereto.

This opinion may be relied upon by all counsel to this transaction as if specifically addressed to them.

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

EXHIBIT D-1

[LETTERHEAD OF JACKSON KELLY PLLC]

December \_\_, 2006

Raymond James & Associates, Inc.  
500 Laidley Tower  
500 Lee Street, East  
Charleston, West Virginia 25301

Re: \$ \_\_\_\_\_ The Board of Education of the County of  
Greenbrier Public School Refunding Bonds, Series 2008

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Greenbrier (the "Board") of its Public School Refunding Bonds, Series 2008 (the "Series 2008 Bonds") in the aggregate principal amount of \$ \_\_\_\_\_. In connection with rendering this opinion, we have examined the Official Statement dated December \_\_, 2008, the Bond Purchase Agreement dated December \_\_, 2008 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the Board dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Board, counsel for the Board, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to

state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2008 Bonds.

Very truly yours,



101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836

7000 Hampton Center  
Morgantown, West Virginia 26505  
(304) 285-2500

5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500

  
**Bowles Rice**  
McDAVID GRAFF & LOVE LLP  
ATTORNEYS AT LAW

600 Quarrier Street  
Charleston, West Virginia 25301

Post Office Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1100

www.bowlesrice.com

333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1639  
(859) 252-2202

480 West Jubal Early Drive  
Suite 130  
Winchester, Virginia 22601  
(540) 723-8877

2400 Cranberry Square  
Morgantown, West Virginia 26508  
(304) 594-1000

Edward D. McDevitt  
Telephone — (304) 347-1711  
Facsimile — (304) 343-3058

December 23, 2008

E-Mail Address:  
emcdevitt@bowlesrice.com

Internal Revenue Service Center  
Ogden, Utah 84201

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**  
**7007 0710 0003 5846 3894**

Re: \$2,655,000 The Board of Education of Greenbrier County,  
West Virginia Public School Refunding Bonds, Series 2008

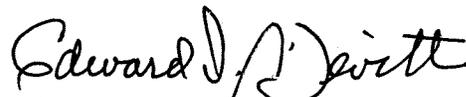
Ladies and Gentlemen:

Please find enclosed Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, submitted in connection with the above-referenced bond issue.

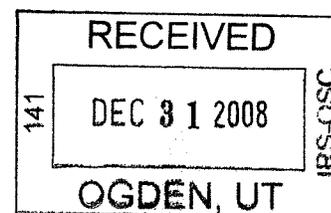
Also enclosed, please find a copy of said Form 8038 which has been stamped "COPY" in the upper right-hand corner. It would be greatly appreciated if you would stamp said copy acknowledging the receipt of the subject Form 8038 and indicate the date on which said Form 8038 was received by your office. Please then return said copy to the undersigned in the enclosed self-addressed, postage prepaid, envelope.

If you have any questions or comments regarding the foregoing, please contact the undersigned at your convenience. Thank you for your cooperation.

Very truly yours,

  
Edward D. McDevitt

EMD/vla  
Enclosures  
cc: David McClure



COPY

Form **8038-G**

**Information Return for Tax-Exempt Governmental Obligations**

(Rev. November 2000)  
Department of the Treasury  
Internal Revenue Service

Under Internal Revenue Code section 149(e)  
See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

**Part I Reporting Authority**

1 Issuer's name <b>THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (WV)</b>		If Amended Return, check here <input type="checkbox"/>	
2 Issuer's employer identification number <b>55 6000321</b>		3 Room/suite	
3 Number and street (or P.O. box if mail is not delivered to street address) <b>202 CHESTNUT STREET</b>		4 Report number <b>3 01</b>	
5 City, town, or post office, state, and ZIP code <b>LEWISBURG, WEST VIRGINIA 24901-1696</b>		6 Date of issue <b>DECEMBER 23, 2008</b>	
7 Name of issue <b>THE BOE OF GREENBRIER CO (WV) PUBLIC SCHOOL REFUNDING BONDS SERIES 2008</b>		8 CUSIP number <b>393658 CJ6</b>	
9 Name and title of officer or legal representative whom the IRS may call for more information <b>DAVID MCCLURE, TREASURER</b>		10 Telephone number of officer or legal representative <b>( 304 ) 647-6470</b>	

**Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule**

11 <input checked="" type="checkbox"/> Education	11	2,655,000
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input type="checkbox"/> Environment (including sewage bonds)	15	
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

**Part III Description of Obligations. Complete for the entire issue for which this form is being filed.**

(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 <b>MAY 1, 2012</b>	<b>\$ 2,655,000</b>	<b>\$ 2,655,000</b>	<b>1.9130 years</b>	<b>3.5017 %</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	0
23 Issue price of entire issue (enter amount from line 21, column (b))	23	2,655,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	96,837.50
25 Proceeds used for credit enhancement	25	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	
27 Proceeds used to currently refund prior issues	27	* 2,558,162.50
28 Proceeds used to advance refund prior issues	28	
29 Total (add lines 24 through 28)	29	2,655,000
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	1.9307 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called	FEBRUARY 1, 2009
34 Enter the date(s) the refunded bonds were issued	MARCH 1, 1997

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 121(b)(5)	35	N/A
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	N/A
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box		<input checked="" type="checkbox"/>
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
40 If the issuer has identified a hedge, check box		<input type="checkbox"/>

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.

Sign Here

Signature of issuer's authorized representative

Date

DAVID MCCLURE, TREASURER

Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S

Form 8038-G (Rev. 11-2000)





## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (the “Issuer”), and UNITED BANK, INC., Charleston, West Virginia (the “Dissemination Agent”), in connection with the issuance of \$2,655,000, The Board of Education of the County of Greenbrier (West Virginia), Public School Refunding Bonds, Series 2008 (the “Bonds”);

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the “SEC”).

“Disclosure Representative” shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Holders” shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor thereto.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, (including the “voluntary central repository”, etc.)

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

“State Repository” shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

“Underwriter” shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) Within 180 days after the end of the fiscal year, the Dissemination Agent shall make a written request to the Issuer to provide the Annual Report to the Dissemination Agent.

(b) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2008-2009 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement and after July 1, 2009, in accordance with the amendment of § 240.15c2-12 of Title 17 of the Code of Federal Regulations as released by the Securities and Exchange Commission on December 8, 2008, effective July 1, 2009, to the MSRB in electronic format and as otherwise required by the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(c) Not later than thirty (30) Business Days prior to the date specified in subsection (b) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall make a second written request to the Issuer to provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall send a copy of such second request to the Underwriter.

(d) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (b), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(e) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence 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 security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy



Dated: December 23, 2008.

THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia)

By: Kathy L King

Title: President

UNITED BANK, INC.  
A West Virginia State Banking corporation,

By: Kaf Smith

Title: Vice Pres

EXHIBIT A

NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Greenbrier (West Virginia)

Name of Bond Issue: \$ \_\_\_\_\_ Public School Refunding Bonds, Series 2008

Date of Bond Issue: \_\_\_\_\_, 2008

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated \_\_\_\_\_, 2008, to be provided. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
on behalf of the Issuer

cc: [Issuer]

2397264.1



# The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

## BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

The Board of Education of the County of Greenbrier (West Virginia)

(Name of Issuer and Co-Issuer(s), if applicable)

December 19, 2008

(Date)

Attention: Underwriting Department  
The Depository Trust Company  
55 Water Street, 1SL  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: (Note: Issuer shall represent one and cross out the other.)

~~[Incorporated in]~~ [formed under the laws of] West Virginia

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted  
THE DEPOSITORY TRUST COMPANY

By: [Signature]



The Depository Trust &  
Clearing Corporation

The Board of Education of the County of Greenbrier  
[West Virginia]

[Signature]  
(Authorized Officer's Signature)

John Curry  
(Print Name)

202 Chestnut Street  
(Street Address)

Lewisburg, WV USA 24901  
(City) (State) (Country) (Zip Code)

304.647.6470  
(Phone Number)

jcurry@access.k12.wv.us  
(E-mail Address)

BLOR 03/25/08

# The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

## Additional Signature Page to BLANKET ISSUER LETTER OF REPRESENTATIONS For use with Co-Issuers

\_\_\_\_\_  
(Name of Issuer and Co-Issuer(s), if applicable)

In signing this Blanket Issuer Letter of Representations dated as of \_\_\_\_\_,  
Co-Issuer agrees to and shall be bound by all "Issuer" representations.

\_\_\_\_\_  
(Co-Issuer)

By: \_\_\_\_\_  
(Authorized Officer's Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City) (State) (Country) (Zip Code)

\_\_\_\_\_  
(Phone Number)

\_\_\_\_\_  
(E-mail Address)

**NOTE: United Bank, Inc. will be  
Fast Transfer Agent (#2719)**

**SAMPLE OFFERING DOCUMENT LANGUAGE**  
**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

## SCHEDULE A

(To Blanket Issuer Letter of Representations)

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

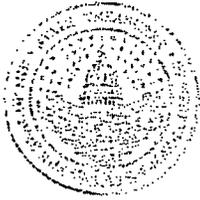
[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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





# State of West Virginia

OFFICE OF THE STATE TREASURER  
CHARLESTON, WV 25305

JOHN D. PERDUE  
STATE TREASURER

PAUL W. HILL  
ASSISTANT STATE TREASURER

1-800-422-7498  
304-558-5000  
FAX 304-558-4097  
WWW.WVSTO.COM

December 2, 2008

Ms. Marie L. Prezioso  
Director  
Raymond James  
500 Lee Street, East  
Suite 530, Laidley Tower  
Charleston, WV 25301

Re: \$2,615,175\* The Board of Education of the County of Greenbrier, West Virginia,  
Public School Refunding Bonds, Series 2008

Dear Ms. Prezioso:

Pursuant to your request and in accordance with West Virginia Code §13-2-2, I hereby designate United Bank, Inc., of Charleston, West Virginia, to serve as Registrar and the West Virginia Municipal Bond Commission to serve as Paying Agent for the above-named issue.

If there are any questions concerning this designation, feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "John".

John D. Perdue  
State Treasurer

\* - Approximate, subject to change

# RAYMOND JAMES

Marie L. Prezioso  
Director  
Marie.Prezioso@RaymondJames.com

December 1, 2008

The Honorable John Perdue  
West Virginia State Treasurer  
State Capitol Complex  
Suite E-122  
Charleston, WV 25305

Dear Treasurer Perdue:

RE: \$2,615,175\*  
The Board of Education of the  
County of Greenbrier (West Virginia)  
Public School Refunding Bonds, Series 2008

The Board of Education of the County of Greenbrier (West Virginia) has selected United Bank, Inc., Charleston, West Virginia, to be their Registrar and the West Virginia Municipal Bond Commission (the "MBC") as Paying Agent for the above-named issue. As required by law, the West Virginia State Treasurer must designate both the Bank and the MBC to serve on behalf of the Board.

Raymond James & Associates, Inc. is serving as Underwriter for this issue.

If you have any questions, please let me know.

Sincerely,



Marie L. Prezioso  
Director

\* Approximate, subject to change

cc: Edd McDevitt  
Bowles Rice McDavid Graff & Love, PLLC



\$2,655,000  
THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER  
(WEST VIRGINIA)  
Public School Refunding Bonds, Series 2008

REGISTRAR'S AGREEMENT

THIS AGREEMENT, dated as of December 23, 2008, by and between THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER (West Virginia), a public corporation of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a West Virginia banking corporation (the "Bank"), as Registrar under a Resolution and Order of the Issuer adopted December 4, 2008, as supplemented and amended (the "Resolution").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$2,655,000 aggregate principal amount of Public Refunding School Bonds, Series 2008, in fully registered form (the "Bonds"), pursuant to the Resolution;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Agreement does appoint the Bank to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agree to perform all of the powers and duties of Registrar as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards:

2. The Bank agrees to distribute sinking fund redemption notices at the times, in the manner, and otherwise in accordance with the provisions of the Bonds.

3. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

4. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

5. As compensation for acting as Registrar pursuant to this Agreement and the Resolution, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Resolution, the terms of the Resolution shall govern.

7. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreements to which it is a party or by which it is bound.

8. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:                   The Board of Education of the  
                                  County of Greenbrier  
                                  202 Chestnut Street  
                                  Lewisburg, West Virginia 24901  
                                  Attention: President

BANK:                     United Bank, Inc.  
                                  500 Virginia Street, East  
                                  Charleston, West Virginia 25301  
                                  Attention: Corporate Trust

9. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER and UNITED BANK, INC. have caused this Agreement to be signed in their respective names and on their behalf, all as of this day and year first above-written.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER

By: Kathy King  
Its: President

UNITED BANK, INC.

By: Kat Smith  
Its: Vice President and Trust Officer

2393881.1



**WEST VIRGINIA MUNICIPAL BOND COMMISSISON**

Suite 401  
 1207 Quarrier Street, Charleston, WV 25301  
 (304) 558-3971 FAX: 558-1280

NEW ISSUE REPORT FORM

Date of Report: 12/18/2008

ISSUE: The Board of Education of the County of Greenbrier, Public School Refunding Bonds, Series 2008

ADDRESS 202 Chestnut Street, Lewisburg, West Virginia 24901 COUNTY: Greenbrier

PURPOSE OF ISSUE: New Money \_\_\_\_\_  
 Refunding  Refunds issue(s) dated: March 1, 1997

ISSUE DATE: December 23, 2009 CLOSING DATE: December 23, 2008

ISSUE AMOUNT: \$2,655,000 RATE: 3.50%

1st DEBT SERVICE DUE: May 1, 2009 1st PRINCIPAL DUE: May 1, 2009

1st DEBT SERVICE AMOUNT: \$653,040.00 PAYING AGENT: MBC

BOND COUNSEL: Bowles Rice McDavid Graff & Love LLF UNDERWRITERS COUNSEL: Jackson Kelly PLLC

Contact Person: Edd McDevitt Contact Person: Samme Gee

Phone: 304.347.1711 Phone: 304.340.1318

CLOSING BANK: BB&T ESCROW TRUSTEE: MBC

Contact Person: Dan Lanier Contact Person: \_\_\_\_\_

Phone: 304.348.7000 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT: OTHER: Raymond James & Assoc.

Contact Person: David McClure Contact Person: Marie L. Prezioso

Position: Treasurer Position: Director, Public Finance

Phone: 304.647.6470 Phone: 304.346.1984

Email: damcclur@access.k12.wv.us

See Attachment

DEPOSITS TO MBC AT CLOSE: \$2,558,162.50 Accrued Interest: \$

By  Wire Capitalized Interest: \$

Check Reserve Account: \$

In-house Transfer Other: Escrow Trustee \$ 2,558,162.50\*

\* NOT TO BE INVESTED.

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By  Wire  To Escrow Trustee: \$400,000.00 \*

Check \_\_\_\_\_ To Issuer: See attached \*

IGT \_\_\_\_\_ To Cons. Invest Fund \_\_\_\_\_

\_\_\_\_\_ To Other: \_\_\_\_\_

NOTES: \_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
 Documents Required: \_\_\_\_\_  
 Transfers Required: \_\_\_\_\_



**[RESERVED]**



# State of West Virginia



## Certificate

*I, Betty Ireland, Secretary of State of the  
State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2 OF THE WEST  
VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the  
Great Seal of the State of  
West Virginia on*

December 22, 2008

*Betty Ireland*  
Secretary of State

## ARTICLE 2

### REFUNDING BONDS

#### Section

- 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.

#### § 13-2-1. What political divisions may issue refunding bonds; when issued

Any county, by and through its county commission, either for and on behalf of the county or for and on behalf of any magisterial district or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may, in the manner and subject to the limitations and conditions contained in this article, issue and sell its bonds for the purpose of refunding the bonds of such political division which have become or are becoming due and payable and for the discharge of which there are or will be when the bonds mature no funds or insufficient funds available; or when, in the opinion of the governing body of the political division obligated to the payment of such bonds, the rate of levy necessary to provide funds for their discharge will impose excessive taxes upon the taxpayers of such political division; or for the purpose of providing for the payment of outstanding bonds in advance of the maturity or redemption thereof through the making of a deposit as provided in section four of this article; or for the purpose of rendering outstanding bonds not due when such outstanding bonds are to be presented for payment before maturity by the exercise of option provisions or by agreement with the holders thereof. Such refunding bonds may be issued bearing the same or a higher or lesser rate of interest than the bonds to be refunded. Except to the extent that additional taxes for such purpose have been approved by the voters and the levy of such additional taxes provided for in the manner stipulated in sections seven through fourteen of article one of this chapter, no such refunding bonds shall be issued bearing a higher rate of interest than the bonds being refunded or shall be issued in a principal amount exceeding the principal amount of the bonds to be refunded unless the amount of debt service payable on such refunding bonds in each year is equal to or less than the amount of taxes expected to be available therefor as shall be certified by the chairman of the West Virginia municipal bond commission prior to the issuance of such refunding bonds. The amount of taxes expected to be available in each year for purposes of this section shall be based upon the rates

of levy stipulated in the order directing the election at which the issuance of the bonds being refunded was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election. In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt service requirements of bonds which have not been issued.

Acts 1925, c. 46, § 1; Acts 1984, c. 25.

**Library References**

**Key Numbers**

Counties ⇨175.  
 Municipal Corporations ⇨913.  
 Schools ⇨97(2).  
 Westlaw Key Number Searches: 104k175;  
 268k913; 345k97(2).

**Encyclopedias**

C.J.S. Counties § 218.  
 C.J.S. Municipal Corporations §§ 1651, 1653.  
 C.J.S. Schools and School Districts § 524.

**Notes of Decisions**

**In general** 2  
**Bonds increasing total indebtedness** 4  
**Construction and application** 1  
**Interest rate** 6  
**Mandamus** 7  
**Nature and effect of refunding bonds** 3  
**Winkler decision** 5

**1. Construction and application**

Refunding Bond Act is designed to provide some flexibility as to issuance of refunding bonds with regard to interest, maturity schedules, and sales at discount, as long as the refunding bond plan does not exceed basic constraints of original bonds approved by the voters. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

**2. In general**

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy

authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

**3. Nature and effect of refunding bonds**

Refunding bonds generally do not constitute new indebtedness, because they provide method of refinancing earlier bond issue at lower interest rate. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. Municipal Corporations ⇨ 913

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(1)

County court's issuance of refunding bonds to retire existing road bonds of magisterial district does not create "new indebtedness," and levies to provide debt service for refunding bonds may be laid as if they were original bonds. Code, 1931, 13-2-1 et seq. Keeney v. Kanawha County Court, 1934, 175 S.E. 60, 115 W.Va. 243. Counties ⇨ 192

**4. Bonds increasing total indebtedness**

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including that amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

**5. Winkler decision**

State School Building Authority was authorized to issue refunding bonds with respect to those bonds forming that part of bond issue deemed unconstitutional in Winkler v. State School Building Authority issued prior to date of such opinion; bonds issued prior to date of opinion were not invalid under principle of retroactivity, and refunding of such bonds to replace them at lower interest rate did not create new debt. Const. Art. 10, § 4. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

School building capital improvements fund was available to fund bonds issued for purpose of refunding bonds issued by state School Building Authority (SBA) prior to promulgation of state Supreme Court's decision in Winkler v. State School Building Authority; previously granted authority to issue refunding bonds would have no practical effect absent source of funds from which to repay such bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 152

State School Building Authority (SBA) was not permitted to issue bonds alleged to be refunding bonds for redemption of obligations created before Winkler v. State School Building Authority, which had practical effect of generating cash at closing in order to make immediate-

ly available to SBA anticipated debt service savings from so-called refunding bonds; rather, SBA's authority to issue refunding bonds to redeem pre-Winkler obligations was specifically limited to encompass only those bonds, proceeds of which SBA would use to discharge its preexisting obligations. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

**6. Interest rate**

State School Building Authority (SBA) was permitted to refund bonds other than those specifically designated for refunding in Winkler v. State School Building Authority, to receive greatest benefit from lower interest rates applicable to refunding bonds; bonds and their interest rates were affected by changing economic circumstances beyond control of SBA, and denial of authority to refund pre-Winkler bonds different from those specified in such decision would render SBA unable to realize the value of redeeming earlier bonds at lower interest rates and effectively abrogate SBA's capacity to refund any of its pre-Winkler bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

**7. Mandamus**

In a mandamus proceeding to compel a county court, which has issued, sold, and delivered to purchasers refunding bonds under the provisions of chapter 46, Acts 1925, to cancel all its refunding orders, recall the bonds and cancel them, on the ground that they are invalid as having been issued under an unconstitutional act, and as creating a debt without the sanction of the voters as provided by the Constitution, this court will not consider and pass upon the constitutionality of the statute nor upon the validity of the bonds, unless the bondholders are made parties or have their day in court. State ex rel. Hall, v. County Court of Mercer County, 1925, 129 S.E. 712, 100 W.Va. 11. Mandamus ⇨ 151(1)

**§ 13-2-2. Terms of refunding bonds; time, place and amount of payments**

Upon determining to issue such refunding bonds, the governing body of such political division shall, by resolution, authorize the issuance of such bonds in an

amount not exceeding the principal amount permitted by section one of this article, fix the date thereof, the rate or rates of interest which such bonds shall bear, payable semiannually, and require that the bonds shall bear, payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate. Such resolution shall also provide that such bonds shall mature serially in annual installments beginning not more than three years after the date thereof, and the last of such annual installments shall mature in not exceeding thirty-four years from the date of such bonds. The amount payable in each year on the refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when the amount of interest is added to the principal amount to be paid during the respective years, the total amount payable in each year shall be as nearly equal as practicable; or such bonds may be made payable in annual installments as nearly equal in principal as may be practicable.

All or a portion of the refunding 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 this section. The body issuing the refunding bonds may not levy taxes in connection with the redemption of any refunding bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such refunding bonds in such year.

Acts 1925, c. 46, § 2; Acts 1984, c. 25; Acts 1994, c. 13; Acts 1998, c. 320, eff. March 14, 1998.

**Library References**

**Key Numbers**

Counties ⇨183(2).  
 Municipal Corporations ⇨922.  
 Schools ⇨97(6).  
 Westlaw Key Number Searches: 104k183(2);  
 268k922; 345k97(6).

**Encyclopedias**

C.J.S. Counties § 222.  
 C.J.S. Schools and School Districts § 551.

**Notes of Decisions**

Conformance with terms of initial bond issuance 4  
 Interest rates 6  
 Mandamus 9  
 Maturity date 5  
 Nature and effect of refunding bonds 1  
 Partial issuance of original bonds 2  
 Partial refunding 3  
 Sale at discount 8  
 Term of bonds 7

10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(1)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including that amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

**1. Nature and effect of refunding bonds**

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art.

**2. Partial issuance of original bonds**

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when

added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

### 3. Partial refunding

Section of Refunding Bond Act providing that in event only a portion of bonds provided for, in order directing election at which issuance of bonds being refunded was approved, are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available, is applicable to those situations where the refunding bond plan leaves a debt service which, when combined with any original bonds that will not be refunded, is below the levy originally authorized by the voters, and thus, did not apply to school board's refunding plan, which was constructed to utilize all annual tax revenues during maturity schedule of the bonds. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 103(1)

### 4. Conformance with terms of initial bond issuance

Fact that school board's bond refunding plan was premised upon maintaining level debt service rather than level principal payments, which was basis for original bonds, was not objectionable, where there was no increase in tax levy rate contemplated. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Reduction in debt service for first and last years of school board's bond refunding plan were not consequential enough to constitute a violation of the "nearly equal as practicable" language in section of the Refunding Bond Act providing that amount payable in each year on refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when amount of interest is added to principal amount to be paid during respective years, total amount payable in each year shall be as nearly equal as practicable, where present refunding bond plan was within limits of the original voter mandate. Code, 13-2-2. Board

of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

As long as school board's refunding bond plan fell within total obligation authorized by voters pursuant to approval of original bond issue, it does not require voter approval or impinge upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

### 5. Maturity date

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

### 6. Interest rates

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock

## § 13-2-2

### Note 6

County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

### 7. Term of bonds

Refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue. Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

### 8. Sale at discount

Discount sale of a refunding bond is not prohibited under the Refunding Bond Act. Code,

## PUBLIC BONDED INDEBTEDNESS

13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

### 9. Mandamus

Once it is determined that a bond issue authorized by a governmental agency is lawful, mandamus will lie to compel secretary of the agency or other ministerial official responsible for executing the necessary documents to execute such documents. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Mandamus ⇨ 103

## § 13-2-3. Certain provisions of article one to apply to refunding bonds

All the provisions of sections seventeen, eighteen, nineteen and twenty of article one of this chapter, relating to bonds issued for original indebtedness, shall apply to the same extent and with equal force and effect to refunding bonds issued under the provisions of this article.

### Library References

#### Key Numbers

Counties ⇨ 175.  
Municipal Corporations ⇨ 913.  
Schools ⇨ 97(2).  
Westlaw Key Number Searches: 104k175;  
268k913; 345k97(2).

#### Encyclopedias

C.J.S. Counties § 218.  
C.J.S. Municipal Corporations §§ 1651, 1653.  
C.J.S. Schools and School Districts § 524.

### Notes of Decisions

#### In general 1

#### Registration of bonds 2

#### 1. In general

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

#### 2. Registration of bonds

Statutes authorizing a bond-issuing authority to have bonds payable at the office of the State Treasurer and at such other places that the bond-issuing authority may designate provides sufficient authority to permit bonds to be registered at place of payment. Code, 13-1-14, 13-2-2; 26 U.S.C.A. § 103(j). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113

"Registration of a bond" means that it is payable to a designated person rather than payable generally to the bearer. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113

## § 13-2-4. Disposition of bonds; cancellation of original bonds

The governing body of the political subdivision issuing bonds under this article may sell the same or any part thereof and collect the proceeds, or such bonds may be delivered to the holder or holders of the bonds to be refunded in exchange therefor.

It is the intention of this article to authorize political divisions to issue bonds for the purpose of refunding outstanding bonds without thereby contracting any additional indebtedness, and it shall be conditional upon the delivery of any refunding bonds that the bonds to be refunded be canceled and paid simulta-

neously with the issuance and delivery of such refunding bonds: Provided, That such refunding bonds shall be issued in an amount sufficient to effect the refunding and may include an amount sufficient to pay (1) the principal amount outstanding of the bonds to be refunded, (2) interest accrued or to accrue to the date of maturity or the date of redemption of the bonds to be refunded (which need not necessarily be on the first available redemption date), (3) any redemption premiums to be paid thereon, (4) any reasonable expenses incurred in connection with such refunding and (5) any other reasonable costs deemed appropriate by the state, including without limitation, the expenses of preparing and delivering the refunding bonds, legal fees, financial advisor fees, consultant fees, and other expenses incurred in connection with the issuance, sale and delivery of the refunding bonds.

For all purposes of this section, bonds shall be considered to have been canceled and paid in advance of their due date or date of redemption if there shall have been deposited with the West Virginia municipal bond commission either:

(a) Moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds; or

(b) Direct obligations of the United State of America or the state of West Virginia, or obligations fully and irrevocably secured as to the payment of both principal and interest by such direct obligations, the payment on which when due will provide moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds.

All such amounts shall be set aside and held in trust and irrevocably dedicated solely to the payment of such bonds, except that amount in excess of the amounts required for the payment of the bonds so refunded may be applied to the payment of costs related to the issuance, carrying, insuring or servicing the refunding bonds, including costs of credit or market enhancement services, such as letters of credit, remarketing arrangements and similar services. Any amount deposited pursuant to this section may include amounts already held on deposit by the West Virginia municipal bond commission for the payment of the bonds to be refunded.

Acts 1925, c. 46, § 7; Acts 1937, c. 118; Acts 1984, c. 25; Acts 1994, c. 13.

#### Library References

##### Key Numbers

Counties ⇨175.

Municipal Corporations ⇨913.

Schools ⇨97(2).

Westlaw Key Number Searches: 104k175;  
268k913; 345k97(2).

##### Encyclopedias

C.J.S. Counties § 218.

C.J.S. Municipal Corporations §§ 1651, 1653.

C.J.S. Schools and School Districts § 524.

Notes of Decisions

Unissued original bonds 1  
 Use of excess funds 2

1. Unissued original bonds

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(3)

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 as a part of a refunding bond plan to complete the original project. Code, 13-3-9(c). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 92(1)

2. Use of excess funds

Statute authorizing transfer of funds remaining from liquidation of school bonds to school current fund does not preclude use of excess money from an escrow fund established with the Bond Commission and derived from sale of refunding bonds under the Bond Refunding Act, as long as the board complies with subsection of the Act enabling bond-issuing authority to withdraw excess funds held by the Bond Commission that are not needed to liquidate original

bond issue; such funds can be spent on school improvements when they are made a part of a refunding bond plan for school improvements, and it is only when last bond has been retired that any excess funds then remaining are turned back to the school board to the credit of its school current fund. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

Section of Bond Refunding Act providing that money received from sale of refunding bonds shall be set aside and held in trust and irrevocably dedicated solely to payment of such bonds, except that excess of amounts required for payment of bonds so refunded may be applied to payment of costs, was intended to enable school board to spend any excess money on expenses directly resulting from issuance of the refunding bonds, but does not foreclose the school board from utilizing any excess money for real purpose of the project for which bonds were issued, which was for school building improvements. Code, 13-2-4. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

§ 13-2-5. Article sufficient authority for issuing refunding bonds

This article shall, without reference to any other act of the legislature, be full authority for the issuance, sale and exchange of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bonds hereunder shall be necessary except such as are required by this article. No publication of any notice, order, ordinance or proceeding relating to the issuance of such bonds shall be necessary.

Acts 1925, c. 46, § 8.

Library References

Key Numbers

Counties ⇌ 175.  
 Municipal Corporations ⇌ 913.  
 Schools ⇌ 97(2).  
 Westlaw Key Number Searches: 104k175;  
 268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.  
 C.J.S. Municipal Corporations §§ 1651, 1653.  
 C.J.S. Schools and School Districts § 524.

**§ 13-2-6. Issuance without election or notice**

The issuance and sale of exchange bonds in this article authorized may be had without an election or publication of any notice.

Acts 1925, c. 46, § 9; Acts 1937, c. 118.

**Library References**

**Key Numbers**

Counties ⇨178.  
 Municipal Corporations ⇨918.  
 Schools ⇨97(4).  
 Westlaw Key Number Searches: 104k178;  
 268k918; 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.  
 C.J.S. Municipal Corporations §§ 1664, 1672.  
 C.J.S. Schools and School Districts §§ 532 to  
 545.

**Notes of Decisions**

**In general 1**

**1. In general**

As long as school board's refunding bond plan fell within total obligation authorized by voters

pursuant to approval of original bond issue, it does not require voter approval or impinge upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

**§ 13-2-7. Invalidity of part of article not to affect other parts**

If any clause, sentence, paragraph or part of this article shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of the article, but shall be confined in its application to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment has been rendered.

Acts 1925, c. 46, § 10.

**§ 13-2-8. Bonds exempt from taxation**

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder shall be exempt from all taxation by the State or by any political subdivision thereof.

**Cross References**

Bond issues for original indebtedness, bonds exempt from taxation, see § 13-1-33.

**Library References**

**Key Numbers**

Taxation ⇨218.  
 Westlaw Key Number Search: 371k218.

**Encyclopedias**

C.J.S. Taxation § 260.

**§ 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent**

County courts and boards of education may, upon the application of the owner or holder or holders, by an order entered of record, fund any indebtedness represented by orders, drafts, or warrants by taking up one or more of such orders, drafts, or warrants issued on the same fund, and issue in lieu thereof new orders, drafts or warrants to the person or persons entitled to

receive the sums of money due upon said orders, drafts, or warrants, and in which orders there shall be set out in detail the number of each order, draft, or warrant, the date thereof, to whom issued, the fund or funds on which drawn, the name of the present holder thereof, or the person or persons entitled to receive the sum due thereon, if interest-bearing the date from which interest began, the credits, if any endorsed thereon, and the date thereof, and such other information so as to completely identify the orders, drafts or warrants for which new orders, drafts or warrants are issued: Provided, however, That no power or authority herein given or contained shall be construed to make legal and binding any order, draft or warrant not legal and/or binding when originally ordered and/or issued by any county court or board of education. The court and/or boards shall, when the orders, drafts or warrants are interest-bearing, in issuing such new orders, drafts or warrants, issue them on the same fund upon which the original order, draft or warrant was issued and for the aggregate amount of unpaid principal and interest to that date, and cancel all such orders, drafts or warrants funded and file the same with the clerk of the county court of their county for preservation. All such new orders, drafts or warrants shall not become interest-bearing until the same shall have been presented to the sheriff for payment and endorsed as provided by law, and when so presented shall draw interest at five and one-half percent per annum. Acts 1933, c. 43, § 1.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

#### Library References

##### Key Numbers

Counties ¶164.

Westlaw Key Number Search: 104k164.

##### Encyclopedias

C.J.S. Counties § 208.



The following consent agenda items were presented for the boards consideration:

A. Minutes of June 11, 1996

MINUTES

B. Financial Items

FINANCIAL

Budget Supplement in the amount of \$529,508.00

Budget Transfer in the amount of \$136,000.00

C. Out-of State Travel

OUT-OF-STATE  
TRAVEL

MOTION BY DEITZ, SECONDED BY KING, THAT THE BOARD APPROVE THE CONSENT AGENDA ITEMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

A bond call for an \$8,000,000. bond for fifteen and one half years at maximum annual rate of eight and one half percent interest was presented for board approval to help finance the cost of a new western Greenbrier junior high school. Bill Wallace, Chairman of the "Children First" Committee, shared his plan of support with the Board; Ed McDivitt and Marie Prezioso provided financial information. After a question and answer session, Mr. Anderson commented that the chief concern of the board was to get a new junior high school in the western end of the county. Sue King expressed her concern in getting support from the eastern end of the county in order to make the attempt successful in getting a new school.

BOND CALL

MOVED BY JONES, SECONDED BY DEITZ, THAT THE BOARD APPROVE THE BOND CALL FOR \$8,000,000 FOR FIFTEEN AND ONE HALF YEARS AT MAXIMUM ANNUAL RATE OF EIGHT AND ONE HALF PERCENT INTEREST AS REQUESTED. ALL BOARD MEMBERS SIGNED THE AGREEMENT WITH THE EXCEPTION OF PRESIDENT BRUCE BOWLING WHO WAS NOT PRESENT.

Rod Watkins of ZMM Architectural Firm, Inc., Charleston, W.Va. presented the schematic plan for the multipurpose room at White Sulphur Springs Elementary School. Mr. Watkins offered to answer questions concerning the presentation.

ZMM, INC.  
PRESENTATION  
MIP-WS ELEM.

MOVED BY DEITZ, SECONDED BY KING, THAT THE BOARD APPROVE THE SCHEMATIC PLAN FOR THE MULTIPURPOSE ROOM AT WHITE SULPHUR ELEMENTARY SCHOOL AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Rusty McDaniel appeared before the board to request approval of the establishment of a soccer program at Eastern Greenbrier Junior High School (prior approval had been granted by G.A. McClung, Prin.) After concerns were shared, a motion was made.

APPROVAL  
Soccer at  
E. Gbr. Jr.

AN ORDER OF THE BOARD OF EDUCATION  
 OF THE COUNTY OF GREENBRIER DIRECTING  
 AN ELECTION TO BE HELD FOR THE PURPOSE OF  
 SUBMITTING TO THE VOTERS OF GREENBRIER COUNTY  
 SCHOOL DISTRICT ALL QUESTIONS  
 CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING  
 OF BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED  
 EIGHT MILLION DOLLARS  
 (\$8,000,000)

**BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF GREENBRIER:**

It appears to the Board of Education of the County of Greenbrier (hereinafter called "the Board") from the experience of the Board in operating the schools in the Greenbrier 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 deficiencies in the school building facilities presently existing which generally result in insufficient space, overcrowding, and a lack of efficiency. To correct these deficiencies, 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.

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 Eight Million One Hundred Thirty-Eight Thousand Four Hundred Dollars (\$8,138,400) for such purposes, including the proceeds of the sale of the Bonds in the amount not to exceed Eight Million Dollars (\$8,000,000) 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 \$741,658,799, and valuation of each class of property within the School District is as follows:

Class I	\$ 49,688,084
Class II	\$251,957,218
Class III	\$299,921,354
Class IV	<u>\$140,092,143</u>
Total	<u>\$741,658,799</u>

5. The Board and the School District now has 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 \$37,082,939. Accordingly, Bonds in the amount of \$8,000,000 being less than five percent (5%) of the value of such taxable property as ascertained by the last assessments 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 \$5,000.00 each, or integral multiples thereof, aggregating up to \$8,000,000 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 and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of the School District at the general election to be held on the 5th day of November, 1996, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Greenbrier County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Greenbrier County, West Virginia in connection with said general election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of eight and one-half percent (8½%) 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 for a maximum term of fifteen and one-half years (15-½) 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 USCA §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 project for which the proceeds of the Bonds, if authorized by the voters, are to be expended is as follows:

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>	
Western Greenbrier Junior High School Acquire property and develop, construct, furnish, equip and pay all fees for a new 73,600 S.F. building to house approximately 350 students in grades 7 through 9.	New Western Greenbrier Junior High School to be constructed at a site within 2 miles of the corporate limits of Rupert, West Virginia	Cost:	\$8,138,400
		Local Funds:	(138,400)
		Bond Funds:	\$8,000,000
<b>TOTAL PROPOSED BOND CALL</b>			<b>\$8,000,000</b>

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Eight Million Dollars (\$8,000,000).

The foregoing amounts include the costs of acquiring necessary lands, sites and 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, fee, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. All Handicapped and E.S.S.I.A. Title I expenditures are subject to written approval by the West Virginia Department of Education. 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, unless otherwise set forth in this Order.

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	4.68 cents
Upon Class II Property approximately	9.36 cents
Upon Class III Property approximately	18.72 cents
Upon Class IV Property approximately	18.72 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 GREENBRIER 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 Greenbrier County at the general election to be held on November 5th 1996, of the question of whether the Board should incur debt and issue Bonds in an amount not to exceed \$8,000,000 for the purposes set forth in this order.

1. The commissioners and clerks appointed and certified for the purpose of the election shall be the same commissioners and clerks designated, appointed and certified by the County Commission and as adopted by a supplemental order of this Board.

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 Register/Herald, The Mountain Messenger and West Virginia Daily News which are newspapers of general circulation in the School District.

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

OFFICIAL BALLOT  
 GREENBRIER COUNTY BOARD OF EDUCATION  
 SCHOOL BOND ELECTION  
 November 5, 1996

Shall the Board of Education of the County of Greenbrier incur debt and issue bonds in the amount of \$8,000,000, maturities on such bonds to run not more than fifteen and one-half (15-½) years from the date of such bonds, with interest not exceeding the rate of eight and one-half percent per annum (8½%), payable semiannually, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Greenbrier County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
Western Greenbrier Junior High School Acquire property and develop, construct, furnish, equip and pay all fees for a new 73,600 S.F. building to house approximately 350 students in grades 7 through 9.	New Western Greenbrier Junior High School to be constructed at a site within 2 miles of the corporate limits of Rupert, West Virginia	Cost: \$8,138,400 Local Funds: (138,400) Bond Funds: \$8,000,000
<b>APPROXIMATE TOTAL COST FOR THE PROJECT:</b>		<b>\$8,138,400</b>

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Eight Million Dollars (\$8,000,000).

The foregoing amounts include the costs of acquiring necessary lands, sites and 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. All Handicapped and E.S.S.I.A. Title 1 expenditures are subject to written approval by the West Virginia Department of Education. If for any reason any one or more of the above project cannot be constructed, carried out, or completed, the amount above set out for such project and any sums remaining unused upon completion of any of the foregoing project may be allocated by the Greenbrier County Board of Education in its discretion, to and expended as provided by Section 6(a) Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. In the event the Greenbrier 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.

- Yes. (For the Bond Issue.)
- No. (Against the Bond Issue.)

**NOTICE TO VOTERS:** To vote in favor of the proposition (for the Bond Issue) submitted on this ballot, mark an "X" in the box next to "Yes."

To vote against the proposition (against the Bond Issue) , mark an "X" in the box next to "No".

Original sent to all  
County schools  
6-

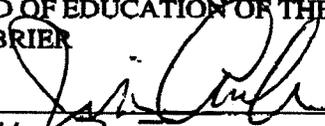
4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby designated and appointed as an agent of this Board for this election, are hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar 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.

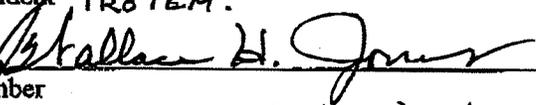
5. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Greenbrier, and said Clerk is hereby appointed the agent for the Board to perform all duties relating to absentee ballots in a primary or general election.

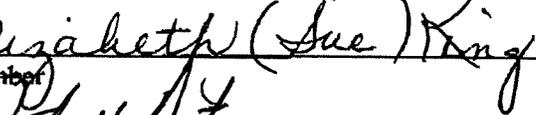
6. The registration of voters and the use of the registration booths shall be governed by the permanent registration law of the State, and the Board hereby adopts the registration list of Greenbrier County as the official registration list of the School District for this election.

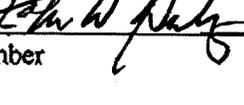
Adopted on the 9th day of July, 1996.

THE BOARD OF EDUCATION OF THE COUNTY  
OF GREENBRIER

By:   
President PRO TEM.

By:   
Member

By:   
Member

By:   
Member

By: \_\_\_\_\_  
Member

ATTEST:

  
Secretary

Given under my hand this 9th day of July, 1996.

  
Secretary of the Board of Education of the County  
of Greenbrier.



Edd McDevitt of Bowles Rice McDavid Graff & Love Law Firm presented information to the Board regarding the adoption of the resolution and order of directing the issuance of bonds in order to proceed with the funding for the construction of certain improvements in the Greenbrier County School District. The pursuance of this order is due to the passage of the School Bond at an election held November 5, 1996. After some discussion, a motion of approval was made.

**RESOLUTIONS  
& ORDER OF  
DIRECTING THE  
ISSUANCE OF  
BONDS ....  
Western Gbr.  
Jr. High**

MOVED BY ANDERSON, SECONDED BY DEITZ, THAT THE BOARD APPROVE THE ADOPTION OF RESOLUTION AND ORDER DIRECTING THE ISSUANCE OF BONDS. MOTION CARRIED UNANIMOUSLY.

A request was made to place revised food service policies on 30-day comment period for public review. The revisions comply with state policy, Standards for School Nutrition, Policy 4321.1 They are:

**FOOD SERVICE  
POLICIES  
30-Day Comment**

- Pol. 2.33 - "Requirements and Accountability for Foods and Beverages"
- Pol. 2.34 - "Definitions" (School Nutrition Policy 4321.1)
- Pol. 2.34a - "Sale of Other Foods and Beverages in Schools"

MOVED BY KING, SECONDED BY DEITZ, THAT THE BOARD APPROVE PLACING SAID POLICIES ON 30-DAY COMMENT PERIOD. MOTION CARRIED UNANIMOUSLY.

Action was taken concerning a study made regarding wages of "Activity Bus" operators. Mr. Jones commented that the drivers had not had a pay raise in eight years, therefore, a pay raise seemed to be in order. After a brief discussion, a motion was made and direction to proceed with payroll changes given to Mr. Carr, Treasurer.

**PAY INCREASE  
FOR ACTIVITY  
BUS OPERATORS  
APPROVED**

MOVED BY JONES, SECONDED BY KING, THAT THE BOARD APPROVE INCREASING THE DAILY RATE OF PAY FOR ACTIVITY BUS OPERATORS ACCORDING TO THE STUDY. MOTION CARRIED UNANIMOUSLY.

Three bids were received for the sale a 16" wood planer, (considered surplus property) by Greenbrier West High School. A motion was made to accept the bid in the amount of \$600.00 submitted by Roy M. Hunter of Meadow Bluff, West Virginia.

**APPROVAL OF  
SALE OF SURPLU.  
PROPERTY**

MOVED BY JONES, SECONDED BY DEITZ, THAT THE BOARD APPROVE THE SALE OF SURPLUS PROPERTY IN THE AMOUNT OF \$600.00, SUBMITTED BY ROY M. HUNTER OF MEADOW BLUFF, WEST VIRIGNIA. MOTION CARRIED UNANIMOUSLY.

GREENBRIER COUNTY BOARD OF EDUCATION

RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, the Board of Education of the County of Greenbrier (the "Issuer"), has heretofore, on the 9th day of July, 1996, made and entered of record an order upon the question of authorizing bonds in the amount of Eight Million Dollars (\$8,000,000) to be issued and sold for the purpose of providing funds for making certain improvements in Greenbrier County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 5th day of November, 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 County Commission of Greenbrier County, sitting as The Board of Canvassers of the County of Greenbrier, on the 15th day of November, 1996, was Six Thousand Nine Hundred and Seventy-Four (6,974) votes for and Four Thousand Five Hundred and thirty-Two (4,532) votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, Sixty and 61/100 percent (60.61%) 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 GREENBRIER AS FOLLOWS:

1. Bonds in the aggregate principal amount of \$8,000,000 (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 Project 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 and one-half percent (8 ½%) per annum, payable semiannually, on May 1 and November 1, commencing November 1, 1997, 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 \$235,000 due and payable May 1, 1998;

Bonds in the amount of \$370,000 due and payable May 1, 1999;

Bonds in the amount of \$390,000 due and payable May 1, 2000;

Bonds in the amount of \$415,000 due and payable May 1, 2001;

Bonds in the amount of \$440,000 due and payable May 1, 2002;

Bonds in the amount of \$465,000 due and payable May 1, 2003;  
 Bonds in the amount of \$495,000 due and payable May 1, 2004;  
 Bonds in the amount of \$525,000 due and payable May 1, 2005;  
 Bonds in the amount of \$555,000 due and payable May 1, 2006;  
 Bonds in the amount of \$590,000 due and payable May 1, 2007;  
 Bonds in the amount of \$625,000 due and payable May 1, 2008;  
 Bonds in the amount of \$660,000 due and payable May 1, 2009;  
 Bonds in the amount of \$700,000 due and payable May 1, 2010;  
 Bonds in the amount of \$745,000 due and payable May 1, 2011;  
 Bonds in the amount of \$790,000 due and payable May 1, 2012;

3. At the option of the Board, the Bonds will be subject to redemption prior to maturity on or after May 1, 2007, 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:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 1, 2007 through April 30, 2008	102%
May 1, 2008 through April 30, 2009	101%
May 1, 2009 and thereafter	100%

4. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the office of One Valley Bank, N.A. (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 fifteen and one-half (15½) 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, Eight Million Dollars (\$8,000,000), together with all other bonds of the District currently outstanding, there being none, 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 as a part hereof. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution and Order unless and until the Registrar's Certificate of Authentication and Registration on such Bond, substantially in the form set forth in said "Exhibit A", shall have been manually executed by the Paying Agent, as registrar for the Bonds (the "Registrar").

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 hand 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 obligated 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, 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 to take all actions necessary to comply with the "rebate" provisions of Section 148(f) of the Code and shall employ such professionals as may be necessary in order to ensure such compliance.

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 general election held on the 5th day of November, 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 10th day of December, 1996.

GREENBRIER COUNTY BOARD OF EDUCATION

By: Bruce M. Bowley

ATTEST:

Stephen L. Baldwin  
Secretary

CHS69112



CERTIFICATE OF THE BOARD OF EDUCATION  
OF THE COUNTY OF GREENBRIER [WEST VIRGINIA]  
RE SURPLUS ACCOUNT FUNDS

I, Kathy King, President of the Board of Education of the County of Greenbrier (West Virginia) (the "Issuer"), in connection with the issuance of the Issuer's \$2,655,000 Public School Refunding Bonds, Series 2008 and the release by the West Virginia Municipal Bond Commission (the "Bond Commission") of approximately \$400,000 (in the aggregate) from surplus funds of the Issuer on deposit with the Bond Commission in connection with the Issuer's \$8,000,000 Public School Bonds, Series 1997 (the "Prior Bonds") being refunded this date, hereby certify, upon consultation with certain of the Issuer's employees including the Superintendent of Schools and the Treasurer of the School District, that the Project intended to be funded from the proceeds of the Prior Bonds ("1997 Projects") remains to be undertaken and/or completed at a cost in excess of the sums being released by the Commission and that such released sums will be used only in connection with such Project, it being one of the 1997 Projects authorized to be funded from the proceeds of the Prior Bonds.

Dated this 23<sup>rd</sup> day of December, 2008 at Lewisburg, West Virginia.

THE BOARD OF EDUCATION OF THE  
COUNTY OF GREENBRIER [WEST VIRGINIA]

By: Kathy King  
Kathy King, President



MEMORANDUM

**To:** Greenbrier County Board of Education  
Working Group

**From:** Raymond James & Associates

**Date:** December 19, 2008

**Subject:** Closing Information in Connection with:

**\$2,655,000**  
**The Board of Education of the**  
**County of Greenbrier (West Virginia)**  
**Public School Refunding Bonds, Series 2008**

**Background**

On Tuesday, December 16, 2008, Raymond James & Associates, Inc. ("Raymond James") and The Board of Education of Greenbrier County (the "Board") executed a bond purchase agreement associated with the above referenced bond issue. The purpose of the bond issue was to refund its 1997 Bond issue.

**Time and Location of Closing**

The pre-closing will be held on Monday, afternoon, December 22, 2008. The closing will take place the next day, Tuesday, December 23, 2008 at 10:00 AM.

The following is a summary of funds available and the outgoing wires scheduled for closing on Tuesday, December 23, 2008.

**Calculation of Allocation of Bond Proceeds**

Par Amount of Bonds	\$2,655,000.00
Less Underwriters' Discount	(\$39,825.00)
<b>Net Proceeds of the 2008 Bonds to be wired as follows:</b>	<b>\$2,615,175.00</b>

**RAYMOND JAMES**

**Wire #1**

**Wire from Raymond James: Funds to be Wired to BB&T:**

Raymond James will wire transfer \$2,558,162.50 (which represents the par amount, less Costs of Issuance and less the underwriting fee) to BB&T for the bond issue in accordance with the following instructions:

*Wire Instructions:*

Branch Banking and Trust  
Charleston, WV  
ABA #: 051503394  
For Credit to: Acct - 5270517317  
Account Name: State of West Virginia  
Reference: Municipal Bond Commission (Greenbrier)  
Attn: Dan Lanier (304)348-7000  
\$2,558,162.50

**Wire #2**

**Funds from Raymond James: Funds to be Wired to First Citizens Bank:**

Raymond James will wire transfer the bond Costs of Issuance, \$57,012.50 to:

*Wire Instructions:*

First Citizens Bank  
Lewisburg, WV  
ABA #: 053100300  
Account Name: Greenbrier County Schools  
Account No: 008923472563  
\$57,012.50  
Attn: Mike Moore (304)645-3717

- \$2,558,162.50 will be deposited by the Municipal Bond Commission in the Escrow Account for the 1997 Bonds.
- \$57,012.50 will be deposited in the Costs of Issuance Account and paid according to instructions from Greenbrier County Board of Education.
- The MBC will also transfer \$55,892.66 from the G/O Account and \$344,107.34 from the Surplus Account to the Escrow Account.

**RAYMOND JAMES**

— The MBC will send \$355,533.92 to the Greenbrier County Board of Education either by check or wire to be deposited in the Project Fund.

**Funds from MBC to be Wired to First Citizens Bank:**

*Wire Instructions:*

First Citizens Bank  
Lewisburg, WV  
ABA #: 053100300  
Account Name: Greenbrier County Schools  
Account No: 008923472571  
\$355,533.92  
Attn: Mike Moore (304)645-3717

**RAYMOND JAMES**

## BOND PRICING

### Greenbrier Board of Education (West Virginia) Public School Refunding Bonds, Series 2008

Bond Component	Maturity Date	CUSIP Number	Amount	Rate	Yield	Price
Series 2008:						
	05/01/2009	393658 CF4	620,000	3.500%	3.500%	100.000
	05/01/2010	393658 CG2	645,000	3.500%	3.500%	100.000
	05/01/2011	393658 CH0	680,000	3.500%	3.500%	100.000
	05/01/2012	393658 CJ6	710,000	3.500%	3.500%	100.000
			<b>2,655,000</b>			

Dated Date	12/23/2008	
Delivery Date	12/23/2008	
First Coupon	05/01/2009	
Par Amount	2,655,000.00	
Original Issue Discount		
Production	2,655,000.00	100.000000%
Underwriter's Discount	-39,825.00	-1.500000%
Purchase Price	2,615,175.00	98.500000%
Accrued Interest		
Net Proceeds	2,615,175.00	

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**SOURCES AND USES OF FUNDS**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

Dated Date            12/23/2008  
Delivery Date        12/23/2008

**Sources:**

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<b>Bond Proceeds:</b>	
Par Amount	2,655,000.00
<b>Other Sources of Funds:</b>	
Transfer from MBC	400,000.00
	<hr/> <b>3,055,000.00</b> <hr/>

**Uses:**

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<b>Refunding Escrow Deposits:</b>	
Cash Deposit	2,958,162.50
<b>Delivery Date Expenses:</b>	
Cost of Issuance	57,012.50
Underwriter's Discount	39,825.00
	<hr/> <b>96,837.50</b> <hr/>
	<hr/> <b>3,055,000.00</b> <hr/>

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**COST OF ISSUANCE**

**Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008**

<b>Cost of Issuance</b>	<b>\$/1000</b>	<b>Amount</b>
Rounding Amount	0.02354	62.50
Underwriter's Counsel	9.41620	25,000.00
Registrar	0.24482	650.00
Verification Agent	0.67797	1,800.00
Bond Counsel	9.41620	25,000.00
Standard & Poor's	1.69492	4,500.00
	<b>21.47363</b>	<b>57,012.50</b>

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## BOND SUMMARY STATISTICS

### Greenbrier Board of Education (West Virginia) Public School Refunding Bonds, Series 2008

Dated Date	12/23/2008
Delivery Date	12/23/2008
Last Maturity	05/01/2012
Arbitrage Yield	3.501700%
True Interest Cost (TIC)	4.338961%
Net Interest Cost (NIC)	4.284111%
All-In TIC	5.574603%
Average Coupon	3.500000%
Average Life (years)	1.913
Duration of Issue (years)	1.835
Par Amount	2,655,000.00
Bond Proceeds	2,655,000.00
Total Interest	177,765.00
Net Interest	217,590.00
Total Debt Service	2,832,765.00
Maximum Annual Debt Service	734,850.00
Average Annual Debt Service	844,201.49
Underwriter's Fees (per \$1000)	
Average Takedown	
Management Fee	14.750000
Other Fee	0.250000
Total Underwriter's Discount	15.000000
Bid Price	98.500000

Bond Component	Par Value	Price	Average Coupon	Average Life
Series 2008	2,655,000.00	100.000	3.500%	1.913
	<b>2,655,000.00</b>			<b>1.913</b>

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,655,000.00	2,655,000.00	2,655,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-39,825.00	-39,825.00	
- Cost of Issuance Expense		-57,012.50	
- Other Amounts			
Target Value	2,615,175.00	2,558,162.50	2,655,000.00
Target Date	12/23/2008	12/23/2008	12/23/2008
Yield	4.338961%	5.574603%	3.501700%

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## SAVINGS

### Greenbrier Board of Education (West Virginia) Public School Refunding Bonds, Series 2008

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/23/2008 @ 3.5017002%
05/01/2009	728,425.00	653,040.00	75,385.00	74,460.26
05/01/2010	803,850.00	716,225.00	87,625.00	83,869.64
05/01/2011	813,850.00	728,650.00	85,200.00	78,673.32
05/01/2012	821,600.00	734,850.00	86,750.00	77,263.89
	<b>3,167,725.00</b>	<b>2,832,765.00</b>	<b>334,960.00</b>	<b>314,267.11</b>

### Savings Summary

PV of savings from cash flow	314,267.11
Less: Prior funds on hand	-400,000.00
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Net PV Savings	-85,732.89

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## SUMMARY OF REFUNDING RESULTS

### Greenbrier Board of Education (West Virginia) Public School Refunding Bonds, Series 2008

Dated Date	12/23/2008
Delivery Date	12/23/2008
Arbitrage yield	3.501700%
Escrow yield	
Bond Par Amount	2,655,000.00
True Interest Cost	4.338961%
Net Interest Cost	4.284111%
Average Coupon	3.500000%
Average Life	1.913
Par amount of refunded bonds	2,895,000.00
Average coupon of refunded bonds	4.525724%
Average life of refunded bonds	1.931
PV of prior debt to 12/23/2008 @ 3.501700%	2,969,267.11
Net PV Savings	-85,732.89
Percentage savings of refunded bonds	-2.961412%
Percentage savings of refunding bonds	-3.229111%

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**BOND DEBT SERVICE**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
05/01/2009	620,000	3.500%	33,040.00	653,040.00	653,040
11/01/2009			35,612.50	35,612.50	
05/01/2010	645,000	3.500%	35,612.50	680,612.50	716,225
11/01/2010			24,325.00	24,325.00	
05/01/2011	680,000	3.500%	24,325.00	704,325.00	728,650
11/01/2011			12,425.00	12,425.00	
05/01/2012	710,000	3.500%	12,425.00	722,425.00	734,850
	<b>2,655,000</b>		<b>177,765.00</b>	<b>2,832,765.00</b>	<b>2,832,765</b>

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**PRIOR BOND DEBT SERVICE**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
05/01/2009	660,000	5.000%	68,425	728,425	728,425
11/01/2009			51,925	51,925	
05/01/2010	700,000	5.000%	51,925	751,925	803,850
11/01/2010			34,425	34,425	
05/01/2011	745,000	5.000%	34,425	779,425	813,850
11/01/2011			15,800	15,800	
05/01/2012	790,000	4.000%	15,800	805,800	821,600
	<b>2,895,000</b>		<b>272,725</b>	<b>3,167,725</b>	<b>3,167,725</b>

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**SUMMARY OF BONDS REFUNDED**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 1997, 1997:					
1997	05/01/2009	5.000%	660,000.00	02/01/2009	101.000
	05/01/2010	5.000%	700,000.00	02/01/2009	101.000
	05/01/2011	5.000%	745,000.00	02/01/2009	101.000
	05/01/2012	4.000%	790,000.00	02/01/2009	101.000
			<b>2,895,000.00</b>		

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### ESCROW REQUIREMENTS

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

<b>Period Ending</b>	<b>Interest</b>	<b>Principal Redeemed</b>	<b>Redemption Premium</b>	<b>Total</b>
02/01/2009	34,212.50	2,895,000.00	28,950.00	2,958,162.50
	<b>34,212.50</b>	<b>2,895,000.00</b>	<b>28,950.00</b>	<b>2,958,162.50</b>

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**ESCROW COST**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

<b>Purchase Date</b>	<b>Cost of Securities</b>	<b>Cash Deposit</b>	<b>Total Escrow Cost</b>
12/23/2008		2,958,162.50	2,958,162.50
	0	2,958,162.50	2,958,162.50

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**ESCROW STATISTICS**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
2,958,162.50				2,947,342.88		10,819.62
<b>2,958,162.50</b>				<b>2,947,342.88</b>	<b>0.00</b>	<b>10,819.62</b>

Delivery date            12/23/2008  
Arbitrage yield         3.501700%

**FORM 8038 STATISTICS**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

Dated Date           12/23/2008  
Delivery Date       12/23/2008

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Series 2008:						
	05/01/2009	620,000.00	3.500%	100.000	620,000.00	620,000.00
	05/01/2010	645,000.00	3.500%	100.000	645,000.00	645,000.00
	05/01/2011	680,000.00	3.500%	100.000	680,000.00	680,000.00
	05/01/2012	710,000.00	3.500%	100.000	710,000.00	710,000.00
		<b>2,655,000.00</b>			<b>2,655,000.00</b>	<b>2,655,000.00</b>

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	05/01/2012	3.500%	710,000.00	710,000.00			
Entire Issue			2,655,000.00	2,655,000.00	1.9130	3.5017%	3.5000%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	96,837.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	2,958,162.50
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	1.9307
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

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**FORM 8038 STATISTICS**

**Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008**

Refunded Bonds

<b>Bond Component</b>	<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Price</b>	<b>Issue Price</b>
Series 1997:					
1997	05/01/2009	660,000.00	5.000%	100.000	660,000.00
1997	05/01/2010	700,000.00	5.000%	100.000	700,000.00
1997	05/01/2011	745,000.00	5.000%	100.000	745,000.00
1997	05/01/2012	790,000.00	4.000%	100.000	790,000.00
		<b>2,895,000.00</b>			<b>2,895,000.00</b>

	<b>Last Call Date</b>	<b>Issue Date</b>	<b>Remaining Weighted Average Maturity</b>
Series 1997	02/01/2009	04/01/1997	1.9307
All Refunded Issues	02/01/2009		1.9307

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**PROOF OF ARBITRAGE YIELD**

Greenbrier Board of Education (West Virginia)  
Public School Refunding Bonds, Series 2008

Date	Debt Service	Present Value to 12/23/2008 @ 3.5017002%
05/01/2009	653,040.00	645,029.23
11/01/2009	35,612.50	34,570.37
05/01/2010	680,612.50	649,326.97
11/01/2010	24,325.00	22,807.53
05/01/2011	704,325.00	649,023.66
11/01/2011	12,425.00	11,252.42
05/01/2012	722,425.00	642,989.82
	<b>2,832,765.00</b>	<b>2,655,000.00</b>

Proceeds Summary

Delivery date	12/23/2008
Par Value	2,655,000.00
Target for yield calculation	2,655,000.00