**$21,545,000**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**(WEST VIRGINIA)**

**PUBLIC SCHOOL BONDS, SERIES 2012**

## DATE OF CLOSING: OCTOBER 25, 2012

Bowles Rice LLP
ATTORNEYS AT LAW

**$21,545,000**
**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**(WEST VIRGINIA)**

**Public School Bond, Series 2012**

**Date of Closing: October 25, 2012**

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**EXECUTION COPY**

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF HARDY DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF HARDY COUNTY
SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED
TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS
($21,545,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF HARDY: It appears to the Board of Education of the County of Hardy (hereinafter called "the Board") from the experience of the Board in operating the schools in the Hardy 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 Forty-Three Million Ninety Thousand Dollars ($43,090,000) for such purposes, including the proceeds of the sale of the Bonds in the amount not to exceed TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000) all for the general purpose of providing adequate, safe and convenient educational facilities for the School District. The issuance of the Bonds by the School District, following approval by the voters of the School District, is expressly conditioned upon the receipt by the School District of one or more grants from the West Virginia School Building Authority and/or other sources in an amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000)

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 $856,572,822 and valuation of each class of property within the School District is as follows:

| | |
|---|---|
| Class I | $0 |
| Class II | 434,809,526 |
| Class III | 321,568,213 |
| Class IV | 100,195,083 |
| Total | $856,572,822 |

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 $42,828,641. Accordingly, additional Bonds in the amount of $21,545,000 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 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 $21,545,000 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 primary election to be held on the 8th day of May 2012, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Hardy County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Hardy 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 six and 50/100 percent (6.50%) 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 eighteen and one-half (18 1/2) years from the date thereof.

9. The Bonds shall be issued only in book entry or registered form as to principal and interest in compliance with the United States Internal Revenue Code sections 103 and 149 (26 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 projects for which the proceeds of the Bonds, if authorized by the voters, are to be expended are as follows:

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | | |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090.000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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, interest during the construction of the Projects, 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 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 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 | 8.72 | cents |
| Upon Class II Property approximately | 17.44 | cents |
| Upon Class III Property approximately | 34.88 | cents |
| Upon Class IV Property approximately | 34.88 | 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 HARDY 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 Hardy County at the primary election to be held on May 8, 2012, of the question of whether the Board should incur debt and issue Bonds in an amount not to exceed $21,545,000 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 Moorefield Examiner* which is a newspaper of general circulation in the School District.

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

OFFICIAL BALLOT
HARDY COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
May 8, 2012

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090,000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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, interest during the construction of the Projects, 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 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 Hardy County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. The amount of the Bond issue reflects the expectation that the School District having received one or more grants from the West Virginia School Building Authority and/or other sources in an amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) for use on the renovations and improvements at Moorefield High School and for construction and equipping of the East Hardy High School, the receipt of which sum is a condition precedent to the resource of the Bonds. In the event the Hardy 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".

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 Hardy, 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 Hardy County as the official registration list of the School District for this election.

Adopted on the 30th day of January 2012.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: _____
President

By: _____
Member

By: _____
Member

By: _____
Member

By: _____
Member

ATTEST:

_____
Secretary

Given under my hand this 30th day of January 2012.

_____
Secretary of the Board of Education of the County of Hardy

**EXECUTION COPY**

# HARDY COUNTY BOARD OF EDUCATION
# RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, the Board of Education of the County of Hardy (the "Issuer"), has heretofore, on the 30th day of January 2012, made and entered of record an order upon the question of authorizing bonds in the amount of Twenty One Million Five Hundred Forty-five Thousand Dollars ($21,545,000) to be issued and sold for the purpose of providing funds for making certain improvements in Hardy County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 8th day of May 2012, 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 Hardy County, sitting as The Board of Canvassers of the County of Hardy, on the 16th day of May 2012 was 1,998 votes for and 1,573 votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, fifty-six percent (56%) 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 HARDY AS FOLLOWS:

1. Bonds in the aggregate principal amount of $21,545,000 (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 therefore 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 six and fifty hundredths percent (6.50%) per annum, payable semiannually, on June and December 1, commencing June 1, 2013, 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 $1,055,000 due and payable June 1, 2013;

   Bonds in the amount of $830,000 due and payable June 1, 2014;

Bonds in the amount of $865,000 due and payable June 1, 2015;

Bonds in the amount of $905,000 due and payable June 1, 2016;

Bonds in the amount of $945,000 due and payable June 1, 2017;

Bonds in the amount of $990,000 due and payable June 1, 2018;

Bonds in the amount of $1,030,000 due and payable June 1, 2019;

Bonds in the amount of $1,080,000 due and payable June 1, 2020;

Bonds in the amount of $1,125,000 due and payable June 1, 2021;

Bonds in the amount of $1,180,000 due and payable June 1, 2022;

Bonds in the amount of $1,230,00 due and payable June 1, 2023;

Bonds in the amount of $1,285,000 due and payable June 1, 2024;

Bonds in the amount of $1,345,000 due and payable June 1, 2025;

Bonds in the amount of $1,405,000 due and payable June 1, 2026;

Bonds in the amount of $1,465,000 due and payable June 1, 2027;

Bonds in the amount of $1,535,000 due and payable June 1, 2028;

Bonds in the amount of $1,600,000 due and payable June 1, 2029;

Bonds in the amount of $1,675,000 due and payable June 1, 2030;

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

4. In the event that bids received for the Bonds provide for a "premium" and the Issuer's Financial Adviser advises that such bid provides for the lowest cost to the Issuer, to the fullest extent permitted by West Virginia law, the Issuer with the advice of the Financial Adviser may adjust the schedule of maturities aforesaid.

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

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

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

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

5. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the Office of the West Virginia Municipal Bond Commission (the "Paying Agent"), as agent for 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.

6. 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 eighteen and one-half (18 ½) years, or 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.

7. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) 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.

8. 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."

9. Each Bond shall be signed by and on behalf of the Issuer by the President of the Board 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 B", shall have been manually executed by the duly appointed registrar for the Bonds (the "Registrar").

10. 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.

11. 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.

12. 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.

13. 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 Non-purpose Investments) to persons other than state or local government units.

14. The Issuer shall not take any action or permit or suffer any action to be taken, 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.

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

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

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

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

19. All officers, members and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause valid Bonds to be issued as authorized by the voters of the District at the primary election held on the 8th day of May 2012, 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 16th day of July 2012.

[Remainder of Page Intentionally Left Blank.]

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

[SEAL]

Margaret L Ahrens
President

ATTEST:

Barbara Whitecotton
Secretary

[Signature Page to Resolution and Order - Hardy County]

EXHIBIT "A"

FORM OF A BOND

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

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
PUBLIC SCHOOL BONDS, SERIES 2011
(WEST VIRGINIA)

| NO. R-_ | MATURITY DATE | BOND DATE | $___,___ |
|---|---|---|---|
| | June 1, ____ | _____ __, 2013 | |
| INTEREST RATE | | | CUSIP |
| _.__% | | | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Bond Act"), both the principal and

interest are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as the paying agent (the "Paying Agent"). [_____], [_____], West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the [_____] in [_____], West Virginia; and interest on this Bond is payable by check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

The Bonds maturing on or after June 1, 20___, are subject to redemption on or after June 1, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price of ____% of principal amount to be so redeemed, plus interest, if any, accrued to the date fixed for redemption.

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

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

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

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

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

The Board and the Registrar shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

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

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

This Bond shall not be entitled to any benefit under the Resolution and Order nor shall it be valid, obligatory or enforceable for any purpose until the Certificate of Authentication and Registration shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

(SEAL)

_____
President

_____
Secretary

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ __, 2012.

[_____]
As Registrar

By: _____
Vice President and Trust Officer

## FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 2012" (the "Bonds"), issued by the Board in the aggregate principal amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000). The Bonds were authorized to be issued by a majority of voters at a primary election held on May 8, 2012. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, renovation and other capital expenditures of five (5) projects as permitted by law, with all necessary appurtenances, situated in Hardy County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

## ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

Dated: _____.

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

## ATTORNEY GENERAL'S APPROVAL

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

WITNESS my hand this the ____ day of _____ 2012.

_____

Attorney General of the State of West Virginia

EXHIBIT "B"

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ ____, 2012

[_____], As Registrar

By: _____
[Vice President and Trust Officer]

## Crews & Associates, Inc. - Little Rock , AR's Bid

PARITY

## Hardy Co BOE

## $21,545,000 Public School Bonds, Series 2012

For the aggregate principal amount of $21,545,000.00, we will pay you $21,642,948.10, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount $ | Coupon % |
|---|---|---|
| 06/01/2013 | 1,055M | 2.0000 |
| 06/01/2014 | 830M | 2.0000 |
| 06/01/2015 | 865M | 2.0000 |
| 06/01/2016 | 905M | 2.0000 |
| 06/01/2017 | 945M | 2.0000 |
| 06/01/2018 | 990M | 2.0000 |
| 06/01/2019 | 1,030M | 2.0000 |
| 06/01/2020 | 1,080M | 2.0000 |
| 06/01/2021 | 1,125M | 2.0000 |
| 06/01/2022 | 1,180M | 2.0000 |
| 06/01/2023 | 1,230M | 2.0000 |
| 06/01/2024 | 1,285M | 2.2500 |
| 06/01/2025 | 1,345M | 2.2500 |
| 06/01/2026 | 1,405M | 2.4500 |
| 06/01/2027 | 1,465M | 2.5000 |
| 06/01/2028 | 1,535M | 2.6250 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

| | |
|---|---|
| Total Interest Cost: | $5,357,466.00 |
| Premium: | $97,948.10 |
| Net Interest Cost: | $5,259,517.90 |
| TIC: | 2.381083 |

Time Last Bid Received On:10/11/2012 11:14:21 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.


Bidder: Crews & Associates, Inc., Little Rock , AR
Contact: John Compton
Title:
Telephone:501-907-2025
Fax: 501-907-4067


Issuer Name: The Board of Education of the County of Hardy

Company Name: _____

Accepted By: Barbara Whitecotton

Date: 10/11/12

Accepted By: Margaret Thurman

Date: 10/11/12

**Hardy County Schools**
**Special Board Meeting Agenda**
**Thursday, October 11, 2012**
**Hardy County Board of Education Office – 12:00 p.m.**

**Members Present:**
Margaret Shriver, President
Loy Kesner, Vice President
Nancy Hahn
Dixie Bean
Rodney Barr

**Administrators Present:**
Barbara Whitecotton, Superintendent
Bonnie Rogers, Director of Student Support and Instructional Services

**Staff Present:**
Veeta Burgess, Finance Director

**Others Present:**
Jean Flanagan
Greg Greenwalt
Steven Williams

## I. Call to Order – President

A. Margaret Shriver, President, called the meeting to order at 12:04 p.m.

The President noted that on the speaker phone from the offices of Piper Jaffray & Co., Charleston, WV, were Marie Prezioso and Joseph Nassif of Piper Jaffray & Co., the Board's Financial Advisor, and Edward D. McDevitt of Bowles Rice LLP, Bond Counsel.

B. Introductions were made around the room.

C. Approval of Agenda

A motion was made by Loy Kesner, seconded by Rodney Barr, to approve the agenda.

5-0 motion carried

## II. Unfinished Business

A. To Take Action Regarding the Bids for Hardy County Schools Public School Bonds, Series 2012, in the amount of $21,545,000.00, Including the Expected Award of the Bonds to the Successful Bidder

The participants were advised that the purpose of the meeting was to open and to consider bids to purchase the $21,545,000.00 Public School Bonds, Series 2012 (the "Bonds"), in accordance with the maturity schedule attached as Schedule 1, to be issued by the Board and to authorize the sale of the Bonds to the low bidder.

Ms. Prezioso read the name of the low bidder for the purchase of the Bonds along with the true interest cost for the entire issue to the Board members and was available to answer questions.

Dixie Bean moved and Nancy Hahn seconded the motion to accept the low true interest cost bid of 2.381083% plus a premium of $97,948.10, received from Crew and Associates, Inc. and authorized President Shriver to sign the official, formal bid proposal which was stated at a rate of 2.381083% and with a maturity schedule, attached, on Schedule 1. Motion carried with all members voting in favor of the motion (5-0).

Loy Kesner moved and Rodney Barr seconded the motion to provide authority to Board President Shriver, the Superintendent and the Treasurer to act on behalf of the Board to invest the bond proceeds with the advice from the Board's financial advisor. Motion carried with all members voting in favor of the motion (5-0).

Thereafter, Rodney Barr moved and Nancy Hahn seconded the motion to appoint United Bank, Inc., as Registrar and Disclosure Agent in connection with the Bonds. Motion carried with all members voting in favor of the motion (5-0).

## III. Adjournment

The Board having no further business to conduct, Nancy Hahn moved and Loy Kesner seconded to adjourn the meeting at approximately 12:23 p.m. Motion carried unanimously (5-0).

Margaret Shriver

**Margaret Shriver, President**

Barbara Whitecotton

**Barbara Whitecotton, Secretary**

CLOSING ITEM NO. 4

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA
$21,545,000 PUBLIC SCHOOL BONDS, SERIES 2012

**CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS**

The undersigned, John M. Compton, Sr., for and on behalf of CREWS & ASSOCIATES, INC., ("Purchaser"), and Margaret A. Shriver, President, and Barbara Whitecotton, Secretary, of THE BOARD OF EDUCATION OF THE COUNTY OF HARDY (the "Issuer"), hereby certify as follows:

1. On the 25th day of October, 2012, through DTC in New York, New York, the Purchaser received the entire original issue of $21,545,000 in aggregate principal amount of The Board of Education of the County of Hardy Public School Bonds, Series 2012 (the "Bonds"). The Bonds, as so received on original issuance, are in various denominations, are dated October 25, 2012, and are numbered from R-1 to R-18, inclusive.

2. At the time of such receipt of the Bonds, all the Bonds had been executed by Margaret A. Shriver, President, and Barbara Whitecotton, Secretary, respectively, of the Issuer, by their respective facsimile signatures, and the official seal of the Issuer had been imprinted upon each Bond, and each Bond had been authenticated by 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:

Total Bond Proceeds

| | |
|---|---|
| Purchase Price (100% of par plus premium of $97,948.10) | $21,642,948.10 |
| Accrued Interest | -0- |
| TOTAL | $21,642,948.10 |

Payment for the Bonds was made in Federal Funds in the amount of $21,642,948.10 on the date hereof.

[Balance of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, JOHN M. COMPTON, SR., duly signed and delivered this receipt on behalf of the Purchaser and THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this receipt to be executed by its President and Secretary, this 25th day of October, 2012.

CREWS & ASSOCIATES, INC.

By: _____
John M. Compton, Sr., Vice President

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

By: _____
Margaret A. Shriver, President

By: _____
Barbara Whitecotton, Secretary

[Signature Page to Cross-Receipt for Bonds and Bond Proceeds - Hardy]

IN WITNESS WHEREOF, JOHN M. COMPTON, SR., duly signed and delivered this receipt on behalf of the Purchaser and THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this receipt to be executed by its President and Secretary, this 25th day of October, 2012.

CREWS & ASSOCIATES, INC.

By: _____
John M. Compton, Sr., Vice President

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

By: Margaret A. Shriver
Margaret A. Shriver, President

By: Barbara Whitecotton
Barbara Whitecotton, Secretary

[Signature Page to Cross-Receipt for Bonds and Bond Proceeds - Hardy]

**AUGUST 23, 2012**

**IN THE MATTER OF THE BOARD OF EDUCATION OF HARDY COUNTY**
**STATE OF WEST VIRGINIA**
**$21,545,000**
**PUBLIC SCHOOL BOND, SERIES 2012**

## ATTORNEY GENERAL'S APPROVAL

At a regular meeting of the Board of Education of the County of Hardy, State of West Virginia, held on the 30th day of January 2012, an order was adopted and entered of record authorizing a vote to be taken of legal voters of the County of Hardy at a primary election to be held on the 8th day of May 2012, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used for the following purposes:

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090.000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing bonds, as provided in said order, 1,998 votes were cast for and 1,573 votes were cast against the issuance of said bonds, so that a majority of the votes were cast for the proposition.

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

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

Charleston, West Virginia

August 23, 2012

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# RatingsDirect®

## Summary:

# Hardy County Board Of Education, West Virginia; School State Program

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## Summary:

# Hardy County Board Of Education, West Virginia; School State Program

| Credit Profile | | |
|---|---|---|
| US$21.545 mil pub sch bnds ser 2012 due 06/01/2030 | | |
| *Long Term Rating* | AA/Stable | New |

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Hardy County Board of Education, W.V.'s series 2012 public school bonds. The outlook is stable.

The rating reflects our view of 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 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. We analyze each state program according to the program type and we base the rating 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 are dependent on the ability of a state to use its cash reserves to make up any debt service deficiencies, a program's rating is directly linked to the state's own credit quality. Therefore, the program rating will move in tandem with its related state rating, keeping the relative rating differential between the program rating and the state rating constant. The program's rating outlook will always reflect the state's rating outlook.

### 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. In addition, 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 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.

### Hardy County Board Of Education

The school district is coterminous with Hardy County, which is located in the eastern panhandle of the state. The district operates one elementary, one early middle, one middle, one intermediate, and two high schools. The district reported a 2012 enrollment of 2,279. Enrollment has modestly declined by 3% since 2009. We understand the district will use proceeds from this issue to finance, along with additional grant money, the cost of new additions to both of the district's high schools.

## Outlook

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

## Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: State Credit Enhancement Programs, Nov. 13, 2008

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**STANDARD**
**&POOR'S**
**RATINGS SERVICES**

**55 Water Street, 38th Floor**
**New York, NY 10041-0003**
**tel 212 438-2066**
reference no.: 1229929

September 18, 2012

The Board of Education of Hardy County
510 Ashby Street
Moorefield, WV 26836
Attention: Ms. Barbara Whitecotton, Superintendent

Re: ***US$21,545,000 The Board of Education of the County of Hardy, West Virginia, Public School Bonds, Series 2012***

Dear Ms. Whitecotton:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

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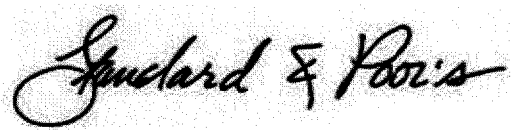
Sincerely yours,



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jm
enclosures
cc: Edd McDevitt, Esq.
Ms. Marie Prezioso

STANDARD
&POOR'S
RATINGS SERVICES

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Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

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Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third–Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

THE BOARD OF EDUCATION OF THE COUNTY
OF HARDY, WEST VIRGINIA
$21,545,000 PUBLIC SCHOOL BONDS, SERIES 2012

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
500 Virginia Street East
Charleston, WV 25301

Ladies Gentlemen:

There are delivered to you herewith:

1. Bonds Nos. R-1 through R-18, constituting the entire original issue of The Board of Education of the County of Hardy Public School Bonds, Series 2012, dated October 25, 2012, in the aggregate principal amount of $21,545,000 (the "Bonds") executed by the President and Secretary of The Board of Education of the County of Hardy (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on July 16, 2012, (the "Resolution");

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

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

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

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

Dated this 25th day of October, 2012.

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

By: Margaret A. Thrush
President

**School Building Authority of West Virginia**
Dr. Mark A. Manchin, Executive Director

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

August 30, 2012

Ms. Barbara Whitecotton
Superintendent
Hardy County Schools
510 Ashby Street
Moorefield, WV 26836-1099

Dear Ms. Whitecotton:

This letter is to notify you that on June 25, 2012, at its quarterly meeting, the Authority discussed and approved a $21,295,000 multi-year grant to Hardy County for a new Moorefield High School and renovations and additions to East Hardy High School. These funds were approved with the passage of your local bond in the amount of $21,545,000 on May 5, 2012.

A total of $21,295,000 in SBA funds has been committed toward this project with a two-year multi-funding schedule as follows:

| | |
|---|---|
| **July 1, 2014** | **$11,000,000** |
| **July 1, 2015** | **$10,295,000** |

Your grant contract in the amount of $21,295,000 will be sent to you in April, 2013. Also, please note the attached Exhibit A-1 and Exhibit A-2 forms.

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

Sincerely,

Dr. Mark A. Manchin
Executive Director

MAM:kc

cc: Ben Ashley, SBA
Greg Williamson, Williamson Shriver Architects, Inc.

Attachments
f:\countyfiles\hardy0612funding ltr.wpd

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
PROJECT DESCRIPTION AND FINANCE PLAN
EXHIBIT A-1

COUNTY: Hardy

DATE OF GRANT: July 1, 2013

| PROJECT NUMBER, SCHOOL FACILITY AND ESTIMATED COST: | | | |
|---|---|---|---|
| | (1) 31-501-2013 | East Hardy High School | $19,459,304.00 |
| | (2) 31-502-2013 | New Moorefield High School | 23,630,696.00 |
| | | | $43,090,000.00 |

DESCRIPTION OF PROJECT:

(1) Renovation of the existing East Hardy High School that will add square footage for the fine arts, the kitchen, the cafeteria and the physical education areas of the existing school.

(2) Construction of a new Moorefield High School

REVENUE SOURCES:

| | Amount | Percentage |
|---|---|---|
| School Construction Fund Reserve Grant - April, 2012 | 250,000.00 | 0.58% |
| School Construction Fund Allocation - July 1, 2014 | 11,000,000.00 | 25.53% |
| School Construction Fund Allocation - July 1, 2015 | 10,295,000.00 | 23.89% |
| Local Bond Funds | 21,545,000.00 | 50.00% |
| TOTAL FINANCE PLAN | $43,090,000.00 | 100.00% |

# HARDY COUNTY - EAST HARDY HIGH SCHOOL
# PROJECT DEVELOPMENT SCHEDULE
## Exhibit A-2

### High School/Design Build Schedule

**EAST HARDY HIGH SCHOOL**

| Milestone | Timeframe (months) | |
|---|---|---|
| 1. Planning (1) | September 25, 2012 | (3 months) |
| 2. Schematic design | January 10, 2013 | (3.5 months) |
| 3. Design development and technology plan | June 10, 2013 | (5 months) |
| 4. Bidding documents | September 24, 2013 | (3.5 months) |
| 5. Bidding and contract award | November 21, 2013 | (1 month) |
| 6. Construction (2) | August 21, 2015 | (21 months) |
| **Total time** | **36** | |

### Middle School/Design Build Schedule

| Milestone | Timeframe (months) |
|---|---|
| 1. Planning and schematic design (1) | 3 |
| 2. Schematic design | 2.5 |
| 3. Design development and technology plan | 5 |
| 4. Bidding documents | 3.5 |
| 5. Bidding and contract award | 1 |
| 6. Construction (2) | 18 |
| **Total time** | **33** |

### Elementary School/Design Build Schedule

| Milestone | Timeframe (months) |
|---|---|
| 1. Planning (1) | 3 |
| 2. Schematic design | 2 |
| 3. Design development and technology plan | 4 |
| 4. Bidding documents | 3 |
| 5. Bidding and contract award | 1 |
| 6. Construction (2) | 14 |
| **Total time** | **27** |

**Note (1) The project development schedule begins with the SBA notice of the grant award. It is imperative that the project move forward based on the schedule provided. To meet the critical timelines you will be required to have all planning, design, and when applicable, construction mangement professionals under contract and the educational program of space completed within 90 days of the grant notice. The scope and complexity of each project will be considered and the development schedule will be adjusted to reflect greater or less planning and design time as determined by the SBA. Submission requirements for items 1-4 are provided on SBA Form 176 A-E in the SBA Policy and Procedure Manual. If the project is delayed at any phase at the county level as a result of timelines not being met, the SBA will require the the grant recipients to pay the delay costs based on the current annual construction inflation rate, prorated over the number of months the project is delayed. Design Building project schedules will be adjusted to comply with the requirements of code and SBA Design/Build Policy. Major addition and renovation project schedules will be established jointly with the grant recipient project architect or design builder and builder and the SBA based on the size and complexity of the project.**

**Note (2) Unless approved by the SBA, the construction timeline for a lump sum contract will be dictated by the completion days provided by the contractors within the bid. The construction timeframes indicated above are approximate.**

**Note (3) The construction timeline substantial completion days for multi-prime contract construction method will be established jointly with the cost analyst, project architect and the SBA for the general trades, plumbing, HVAC, electrical and sprinkler contracts. The construction timeframes indicated above are approximate.**

# HARDY COUNTY - NEW MOOREFIELD HIGH SCHOOL
# PROJECT DEVELOPMENT SCHEDULE
# Exhibit A-2

## High School/Design Build Schedule — NEW MOOREFIELD HIGH SCHOOL

| Milestone | Timeframe (months) | |
|---|---|---|
| 1. Planning (1) | September 25, 2012 | (3 months) |
| 2. Schematic design | December 10, 2012 | (2.5 months) |
| 3. Design development and technology plan | May 10, 2013 | (5 months) |
| 4. Bidding documents | August 22, 2013 | (3.5 months) |
| 5. Bidding and contract award | October 22, 2013 | (1 month) |
| 6. Construction (2) | July 22, 2015 | (21 months) |
| Total time | 36 | |

## Middle School/Design Build Schedule

| Milestone | Timeframe (months) |
|---|---|
| 1. Planning and schematic design (1) | 3 |
| 2. Schematic design | 2.5 |
| 3. Design development and technology plan | 5 |
| 4. Bidding documents | 3.5 |
| 5. Bidding and contract award | 1 |
| 6. Construction (2) | 18 |
| Total time | 33 |

## Elementary School/Design Build Schedule

| Milestone | Timeframe (months) |
|---|---|
| 1. Planning (1) | 3 |
| 2. Schematic design | 2 |
| 3. Design development and technology plan | 4 |
| 4. Bidding documents | 3 |
| 5. Bidding and contract award | 1 |
| 6. Construction (2) | 14 |
| Total time | 27 |

**Note (1) The project development schedule begins with the SBA notice of the grant award. It is imperative that the project move forward based on the schedule provided. To meet the critical timelines you will be required to have all planning, design, and when applicable, construction mangement professionals under contract and the educational program of space completed within 90 days of the grant notice. The scope and complexity of each project will be considered and the development schedule will be adjusted to reflect greater or less planning and design time as determined by the SBA. Submission requirements for items 1-4 are provided on SBA Form 176 A-E in the SBA Policy and Procedure Manual. If the project is delayed at any phase at the county level as a result of timelines not being met, the SBA will require the the grant recipients to pay the delay costs based on the current annual construction inflation rate, prorated over the number of months the project is delayed. Design Building project schedules will be adjusted to comply with the requirements of code and SBA Design/Build Policy. Major addition and renovation project schedules will be established jointly with the grant recipient project architect or design builder and builder and the SBA based on the size and complexity of the project.**

**Note (2) Unless approved by the SBA, the construction timeline for a lump sum contract will be dictated by the completion days provided by the contractors within the bid. The construction timeframes indicated above are approximate.**

**Note (3) The construction timeline substantial completion days for multi-prime contract construction method will be established jointly with the cost analyst, project architect and the SBA for the general trades, plumbing, HVAC, electrical and sprinkler contracts. The construction timeframes indicated above are approximate.**

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-1** | **MATURITY DATE** | **BOND DATE** | $1,055,000 |
|---|---|---|---|
| | June 1, 2013 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BE0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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The Bonds maturing on or after June 1, 2023, are subject to redemption on or after June 1, 2022, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price of 100% of principal amount to be so redeemed, plus interest, if any, accrued to the date fixed for redemption.

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

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

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

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

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

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The Board and the Registrar shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

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

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

This Bond shall not be entitled to any benefit under the Resolution and Order nor shall it be valid, obligatory or enforceable for any purpose until the Certificate of Authentication and Registration shall have been signed by the Paying Agent.

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IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

(SEAL)

Margaret A Shreve
President

Barbara Whitescarver
Secretary

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## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice LLP, Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: October 25, 2012.

UNITED BANK, INC.

By: _____
Vice President and Trust Officer

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## FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 2012" (the "Bonds"), issued by the Board in the aggregate principal amount of Twenty-one Million Five Hundred Forty-five Thousand Dollars ($21,545,000). The Bonds were authorized to be issued by a majority of voters at a general election held on May 8, 2012. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, renovation and other capital expenditures of two (2) projects as permitted by law, with all necessary appurtenances, situated in Hardy County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

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## 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)

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**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.**

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## ATTORNEY GENERAL'S APPROVAL

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

WITNESS my hand this the 25th day of October 2012.

Darrell V. McGraw, Jr.

Attorney General of the State of West Virginia

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-2 | MATURITY DATE | BOND DATE | $830,000 |
|---|---|---|---|
| | June 1, 2014 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.00% | | | 412444 BF7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-3 | MATURITY DATE | BOND DATE | $865,000 |
|---|---|---|---|
| | June 1, 2015 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BG5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-4** | **MATURITY DATE** | **BOND DATE** | $905,000 |
|---|---|---|---|
| | June 1, 2016 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BH3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-5** | **MATURITY DATE** | **BOND DATE** | $945,000 |
|---|---|---|---|
| | June 1, 2017 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BJ9 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FORTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-6 | MATURITY DATE | BOND DATE | $990,000 |
|---|---|---|---|
| | June 1, 2018 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.00% | | | 412444 BK6 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-7** | **MATURITY DATE** | **BOND DATE** | $1,030,000 |
|---|---|---|---|
| | June 1, 2019 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BL4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-8** | **MATURITY DATE** | **BOND DATE** | $1,080,000 |
|---|---|---|---|
| | June 1, 2020 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BM2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-9** | **MATURITY DATE** | **BOND DATE** | $1,125,000 |
|---|---|---|---|
| | June 1, 2021 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.00% | | | 412444 BN0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-10 | MATURITY DATE | BOND DATE | $1,180,000 |
|---|---|---|---|
| | June 1, 2022 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.00% | | | 412444 BP5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED EIGHTY THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-11 | MATURITY DATE | BOND DATE | $1,230,000 |
|---|---|---|---|
| | June 1, 2023 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.00% | | | 412444 BQ3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-12** | **MATURITY DATE** | **BOND DATE** | $1,285,000 |
|---|---|---|---|
| | June 1, 2024 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.25% | | | 412444 BR1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-13 | MATURITY DATE | BOND DATE | $1,345,000 |
|---|---|---|---|
| | June 1, 2025 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.25% | | | 412444 BS9 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED FORTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-14 | MATURITY DATE | BOND DATE | $1,405,000 |
|---|---|---|---|
| | June 1, 2026 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.45% | | | 412444 BT7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-15 | MATURITY DATE | BOND DATE | $1,465,000 |
|---|---|---|---|
| | June 1, 2027 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 2.50% | | | 412444 BU4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED SIXTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-16** | **MATURITY DATE** | **BOND DATE** | $1,535,000 |
|---|---|---|---|
| | June 1, 2028 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 2.625% | | | 412444 BV2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| **NO. R-17** | **MATURITY DATE** | **BOND DATE** | $1,600,000 |
|---|---|---|---|
| | June 1, 2029 | October 25, 2012 | |
| **INTEREST RATE** | | | **CUSIP** |
| 3.00% | | | 412444 BW0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

SPECIMEN

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**UNITED STATES OF AMERICA**
**STATE OF WEST VIRGINIA**

**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**PUBLIC SCHOOL BONDS, SERIES 2012**
**(WEST VIRGINIA)**

| NO. R-18 | MATURITY DATE | BOND DATE | $1,675,000 |
|---|---|---|---|
| | June 1, 2030 | October 25, 2012 | |
| INTEREST RATE | | | CUSIP |
| 3.00% | | | 412444 BX8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United Bank, Inc., Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the West Virginia Municipal Bond Commission in Charleston, West Virginia and interest on this Bond is payable by wire transfer or check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

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$21,545,000
THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2012

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

1. TERMS
2. NO LITIGATION
3. AWARD OF BONDS; SIGNATURES
4. DELIVERY AND PAYMENT
5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS
6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
7. MEETINGS, INC.
8. INCUMBENCY AND OFFICIAL NAME
9. SIGNATURES
10. SBA GRANT
11. GOVERNMENTAL APPROVALS AND BIDDING
12. PROCUREMENT OF ARCHITECTURAL/ENGINEERING SERVICES
13. USE OF BOND PROCEEDS
14. DESIGNATION OF REGISTRAR AND PAYING AGENT
15. OTHER DOCUMENTS
16. DISCLOSURES
17. SPECIMEN BOND

The undersigned PRESIDENT and the undersigned SUPERINTENDENT and SECRETARY of The Board of Education of the County of Hardy (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 Crews & 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 Directing Issuance of the Bonds adopted July 16, 2012 (the "Resolution").

2. NO LITIGATION. No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance, sale and delivery of the Bonds or the collection of the ad valorem tax levies or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance, sale and delivery of the Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Resolution, the bidding procedures relating to sale of the Bonds, or any agreement or instrument relating thereto, or any provisions made or authorized for the payment of the Bonds, nor in any manner

questioning the valid existence of the Issuer or the authority or titles of the President, Secretary and the members of the Board and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the authorization, sale and delivery of the Bonds; nor wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the issuer or adversely affect the power of the Issuer to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, or the acquisition and construction of the Projects financed with proceeds of the Bonds which is not set forth in the Official Statement relating to the Bonds.

3. AWARD OF BONDS; SIGNATURES: Pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), the Bonds were duly and properly advertised for sale and six (6) bids were received, the best bid being that of Crews & Associates, Inc., all as appears from the minutes of the Issuer of its special meeting of October 11, 2012, a copy of which is delivered herewith. The Bonds were thereupon awarded to Crews & Associates, Inc. (the "Purchaser"), at the price of $21,642,948.10. The Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Superintendent and Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon. The Attorney General's Approval of the Bonds was signed upon each of the Bonds by Darrell V. McGraw, Jr., Attorney General of the State of West Virginia.

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 June 1 in each of the years 2013 to 2030, inclusive and numbered R-1 to R-18, inclusive.

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

| | |
|---|---|
| Purchase Price | $21,545,000.00 |
| [Plus Premium] | $ 97,948.10 |
| Total Received | $21,642,948.10 |

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:

Bond Election Order

Resolution and Order Directing Issuance of Bonds

Certificate of Valuation of Taxable Property

Minutes (or excerpt) of Board Meetings of January 30, 2012, July 16, 2012, and October 11, 2012.

Attorney General's Approval

Affidavits of Publication of Attorney General's Approval

Copy of Letter of Clerk of the Supreme Court of Appeals of West Virginia

Official Notice of Sale

Affidavits of Publication of Notice of Sale

Preliminary Official Statement

Bids of Crews & Associates, Inc. and (5) Other Bidders

Official Statement

Registrar Agreement

SBA Grant Commitment

Tax and Arbitrage Certificate

Continuing Disclosure Agreement

Specimen Bond

S&P Rating Letter

IRS Form 8038G.

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 30, 2011, except as may be set forth in the Official Statement. There is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

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

| Name and Office | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|
| Margaret A. Shriver – President | July 1, 2010 | June 30, 2014 |
| Loy Kesner – Member | July 1, 2012 | June 30, 2016 |
| Nancy Hahn – Member | July 1, 2012 | June 30, 2016 |
| Rodney J. Barr – Member | July 1, 2010 | June 30, 2014 |
| Dixie Bean - Member | July 1, 2010 | June 30, 2014 |

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

| | | |
|---|---|---|
| Barbara Whitecotton | - | Superintendent of Schools and Secretary |
| Veeta Burgess | - | Treasurer |

The duly appointed and acting Special Counsel for the Issuer is Bowles Rice LLP, Charleston, West Virginia.

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

Margaret A. Shriver - President - Margaret A. Shriver

Barbara Whitecotton - Superintendent/Secretary- Barbara Whitecotton

10. SBA GRANT: The Issuer has obtained a commitment for a grant from the School Building Authority of West Virginia in the amount of not less than $21,545,000 (the "Grant"), which Grant is available to be applied to the costs of the Project, as specified in the Grant Letter.

11. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project and the issuance of the Bonds have been (or will be) duly and timely obtained and will remain in full force and effect during the period of acquisition and construction of the Project. Competitive bids for all construction contracts relating to the Project will be solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended.

12. PROCUREMENT OF ARCHITECTURAL/ENGINEERING SERVICES: The Issuer has compiled in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of architectural/engineering services to be paid from proceeds of the Bonds.

13. USE OF BOND PROCEEDS: On the date hereof, the Issuer received the entire principal amount of the Bonds, together with the net premium thereon, in the total amount of $21,642,948.10. Such proceeds will be expended as follows:

| | |
|---|---|
| Costs of Issuance | $ 70,000.00 |
| Funds Available for Project Costs | $21,572,948.10 |

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

15. 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.

16. 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.

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

[Balance of Page Intentionally Left Blank.]

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF HARDY on this 25th day of October, 2012.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

[SEAL]

By: Margaret A. Ahrens
Its: President

By: Barbara Whitcomb
Its: Secretary

[Signature Page to General Certificate - Hardy County]

$21,545,000

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
(WEST VIRGINIA)
Public School Bonds, Series 2012

TAX AND NON-ARBITRAGE CERTIFICATE

We, Margaret A. Shriver, President and Barbara Whitecotton, Superintendent and Secretary of The Board of Education of the County of Hardy, West Virginia (the "Issuer"), being officials of the Issuer duly charged with the responsibility for the issuance of the $21,545,000 Public School Bonds, Series 2012, of the Issuer, dated October 25, 2012, (the "Bonds"), hereby certify as follows, jointly, unless otherwise stated, all capitalized terms used herein and not otherwise defined to have the meanings ascribed thereto in the Resolution and Order Directing Issuance of Bonds adopted by the Issuer on July 16, 2012 (the "Resolution"), pursuant to which the Bonds are issued:

A. DEFINITIONS

Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Bond Resolution and in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and related Regulations. The following terms, when used in this Agreement, shall have the following meanings:

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

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

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

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

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

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

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

"**Bond Year**" means the one-year periods during the term of the Bonds beginning on the first day of May of any calendar year and ending on the last day of April of the succeeding calendar year. The first Bond Year begins on the Date of Issue of the Bonds and ends on June 1, 2013.

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

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

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

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

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

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

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

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

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

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

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

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

"**Date of Issue**" means October 25, 2012.

"**Debt Service Account**" means the fund described in Section D(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 and no interest accrues with respect to the Bond after such date.

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

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

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

"**Issue Price**" means $21,828,490.60, being the initial offering price to the public at which price a substantial amount of the Bonds is reasonably expected to be sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different

price. The "issue price" of the Bonds for purposes of IRS Form 8038-G, based upon the price paid to the Issuer, is $21,828,490.60.

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

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

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

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

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

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

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

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

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

"**Purchaser**" or "**Underwriter**" means Crews & Associates, Inc.

"**Rebate Amount**" means, in respect of the bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all

Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

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

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

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

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

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

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

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

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

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

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

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination

Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

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

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

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

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

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.1481(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

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

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

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code and Regulations. We are officers of the Issuer charged with the responsibility of

issuing the Bonds. We are familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. The Bonds are being issued and sold by the Issuer pursuant to approval of the Issuer's electorate at a general election held on May 8, 2012, and pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended, and under the provisions of the Resolution. The principal amounts, interest rates, and interest and principal payment dates are as set forth in EXHIBIT A hereto.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 25, 2012, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof (the "Date of Issue"), and to the best of our knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

6. The Bonds were sold and delivered on October 25, 2012, to the Purchaser for a purchase price of $21,642,948.10.

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

8. The face amount of the Bonds of $21,545,000. The sources and uses of proceeds of the Bonds is as follows:

Sources

| | |
|---|---|
| Par amount of Bonds | $21,545,000.00 |
| Premium | 97,948.10 |
| Total Sources | $21,642,948.10 |

Uses

| | |
|---|---|
| Costs of Issuance (other than Underwriter's discount on initial sale) | $70,000.00 |
| Funds Available to Board for Project Costs | 21,572,948.10 |
| Total Uses | $21,642,948.10 |

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

C. THE PROJECT AND USE OF BOND PROCEEDS

1. The proceeds of the Bonds are being used to finance the Project and pay costs of issuance of the Bonds. The proceeds of the Bonds, and any premium thereon, (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and expended solely for payment of costs of the Project and Costs of Issuance of the Bonds. The Issuer expects to expend the Net Sale Proceeds of the Bonds in accordance with the expenditure schedule attached as Exhibit D. The Issuer reasonably expects that:

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

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

(c) it will expend (including reimbursements of prior expenditures) at least 85% of the Net Sale Proceeds and earnings thereon for Project costs within 3 years of the Date of Issue.

Based on the above expectations, the Net Sale Proceeds qualify for a three-year temporary period, beginning on the Date of Issue, during which time such Net Sale Proceeds are not subject to yield restriction. Net Sale Proceeds remaining unexpended at the end of such three-year period will be invested either (A) at a yield not in excess of the yield on the Bonds or (B) at an unrestricted yield, in which latter event in the Issuer shall pay yield reduction payments to the Internal Revenue Service pursuant to § 1.148-5(c) of the Regulations.

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

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

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

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

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

D. THE BONDS

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

2. A Debt Service Account for the Bonds is established by the Bond Commission. Moneys deposited to the Debt Service Account, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds or as otherwise required by Law. The Bonds all bear interest at a fixed interest rate. The Debt Service Account Is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All moneys held in the Debt Service Account will be used to pay debt service on the Bonds. The Debt Service Account qualifies as a Bona Fide Debt Service Fund and all moneys in the Debt Service Account will be invested without restriction as to yield and are not subject to rebate.

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

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

5. Other than the Debt Service Account and the Surplus Collections Account, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Bonds or which are pledged as collateral to secure payment of Debt

Service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Bonds.

6. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Regulations. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation.

7. The Issuer certifies, based upon representations of the Purchaser shown in EXHIBIT C hereto, that the aggregate reoffering price of the Bonds is $21,828,490.60, which represents the price at which the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Bonds on an aggregate basis as computed by the Purchaser is 2.2838% .

8. Unless otherwise authorized by an Opinion of Bond Counsel, during any period in which any amounts held in the Bona Fide Debt Service Fund, that remain unexpended after 13 months from the date of accumulation in such funds, at any time in aggregate exceeds $100,000, the excess will be investigated either (i) in assets that comply with the requirements for qualified yield reduction payments set forth in Regulation § 1.148-5(c) or (ii) in Investment Property with a yield not exceeding the yield on the Bonds.

9. Pursuant to Regulation Section 1.148-6(d)(1)(i) the Issuer hereby elects to use the "gross proceeds spent first method" for purposes of allocating proceeds of the Bonds to expenditures.

E. REBATE

1. Undertakings. The Issuer has covenanted to comply with certain requirements of the Code. The Issuer acknowledges that the United States Department of the Treasury has issued Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the United States under Section 148(f) of the Code IL., Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations). The Issuer covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Bonds. The Issuer will undertake the methodology described in this Section E of this Tax Certificate, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the Issuer receives an opinion of Bond Counsel,

2. Rebate Fund. The Issuer hereby creates a special fund designated the *"Rebate Fund"* to be held by a commercial bank separate and apart from all other funds and accounts of the Issuer.

3. Recordkeeping. Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Section 1,148-1(b) of the Regulations) of the Bonds must be maintained by the Issuer, including (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) date of interest payments, (vii) disposition price, (viii) any accrued interest received, (ix) disposition date, and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Section 1.148-3 of the Regulations) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Bonds.

4. Rebate Amount Calculation and Payment.

(a) The Issuer represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Bonds consistent with the rules described in this Section 4. The Issuer will prepare or cause to be prepared a calculation of the rebate amount (i) within fifty-five (55) days after the close of the fifth Bond Year and each fifth Bond Year thereafter so long as any Bonds remain unpaid, and (ii) within fifty-five (55) days after the first date on which there are no unpaid Bonds. Not later than fifty-five (55) days after the end of the fifth Bond Year and each fifth Bond Year thereafter so long as any Bond remains unpaid, and within fifty-five (55) days after the last Bond is paid, the Issuer shall deposit in the Rebate Fund an amount so that the balance held by the Issuer in the Rebate Fund shall be equal to the rebate amount.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no unpaid Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Issuer shall pay to the United States Department of the Treasury out of designated funds (i) not later than sixty (60) days after the end of each fifth Bond Year, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Bonds, calculated as of the end of such fifth Bond Year, and (ii) not later than sixty (60) days after the first date when there are no unpaid Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no unpaid Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Sections 1.148-1 through 1.148-11 of the Regulations and as determined by or on behalf of the Issuer.

(d) Each payment required to be made pursuant hereto and relating to the Bonds shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255, on or before the date such payment is due and shall be accompanied by Internal Revenue Service Form 8038-T. The Issuer must retain records of the calculations required by this Section 4.4 until six (6) years after the retirement of the last obligation of the Bonds.

5. Valuation of Investments.

(a) General Rule. Except as otherwise provided in this Section 5, for all purposes of Section 148 of the Code, the value of an investment allocated to the Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods;

(i) Outstanding Principal Amount Method. A plain par Investment (as defined in Section 1,148-1(b) of the Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) Present Value Method. An investment whose yield is fixed and determinable on the issue date (a "*fixed rate investment*") may be valued at its present value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Bonds (i.e., 360-day year basis with interest compounded semiannually). The present value of an investment on a date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. 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. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in Subsections 4.5(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Subsections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Bonds or first ceases to be allocated to the Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Transferred Proceeds allocations, Universal Cap Allocations and Commingled Funds. Notwithstanding Subsection 4.5(b) hereof, an investment need not be valued at fair market value if it is allocated to the Bonds or ceases to be allocated to the Bonds as a result of the transferred proceeds allocation rule under Section 1,148-9(b) of the Regulations or the universal cap rule under Section 1.148-6(b)(2) of the Regulations. In addition, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Section 1.148-6(e)(5)(iii) of the Regulations.

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) the Issuer has made (or had made on its behalf) a bona fide solicitation for a specified guaranteed investment contract and received at least three (3) bona fide bids from providers that have no material financial interest in the Bonds;

(ii) the Issuer purchased (or had purchased on its behalf) the highest yielding guaranteed contract for which a qualifying bid is made (determined net of broker's

(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 contract, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds. For purposes of computing the yield on a guaranteed investment contract acquired through a broker, any compensation received by such broker whether payable by or on behalf of the obligor or obligee of such investment contract may be taken into account in determining the cost of such guaranteed investment contract (as provided in Section 1.148-5(e)(2)(iii) of the Regulations) to the extent that the amount of compensation does not exceed the lesser of $30,000.00 or 0.2% of the computational base (as defined in Section 1.148-5(e)(2)(iii)(B)(2) of the Regulations), provided that in no event shall the Issuer treat as qualified administrative costs more than $85,000.00 in broker's commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with the gross proceeds of the issue.

(iv) the determination of the terms of the guaranteed investment contract took into account as a significant factor the Issuer's reasonably expected drawdown 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 provider of the guaranteed investment contract certified the administrative costs that it paid (or expects to pay) to third parties in connection with the guaranteed investment contract.

(g) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

6. Segregation of Proceed. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

7. Filing Requirements. The Issuer shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T).

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

F. MISCELLANEOUS

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

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

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

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

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

The Issuer will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder.

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

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

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

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

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

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

12. 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.

13. 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.

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

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

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

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

18. Bowles Rice LLP is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

20. To the best of our knowledge, information and belief, the foregoing expectations are reasonable.

21. If any provision of this Tax Certificate (including all accompanying certificates) shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

22. Notwithstanding anything in this Tax Certificate or any other provisions of the Resolution to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance or payment in full of the Bonds.

23. The yield restrictions contained herein or any other restriction or covenant contained herein need not be observed or may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes.

24. The terms, provisions, covenants and conditions of this Tax Certificate shall bind and inure to the benefit of the successors and assigns of the Issuer.

25. The headings of this Tax Certificate are inserted for convenience only and shall not be deemed to constitute a part of this Tax Certificate.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, we have set our hands this 25th day of October, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

By: Margaret A. Shriver
Its: President

By: Barbara Whitecotton
Its: Secretary

# EXHIBIT A

## MATURITY SCHEDULE

| Bond No. | Year (June 1) | CUSIP | Principal Amount | Interest Rate |
|---|---|---|---|---|
| R-1 | 2013 | 412444 BE0 | 1,055,000 | 2.00% |
| R-2 | 2014 | 412444 BF7 | 830,000 | 2.00% |
| R-3 | 2015 | 412444 BG5 | 865,000 | 2.00% |
| R-4 | 2016 | 412444 BH3 | 905,000 | 2.00% |
| R-5 | 2017 | 412444 BJ9 | 945,000 | 2.00% |
| R-6 | 2018 | 412444 BK6 | 990,000 | 2.00% |
| R-7 | 2019 | 412444 BL4 | 1,030,000 | 2.00% |
| R-8 | 2020 | 412444 BM2 | 1,080,000 | 2.00% |
| R-9 | 2021 | 412444 BN0 | 1,125,000 | 2.00% |
| R-10 | 2022 | 412444 BP5 | 1,180,000 | 2.00% |
| R-11 | 2023 | 412444 BQ3 | 1,230,000 | 2.00% |
| R-12 | 2024 | 412444 BR1 | 1,285,000 | 2.25% |
| R-13 | 2025 | 412444 BS9 | 1,345,000 | 2.25% |
| R-14 | 2026 | 412444 BT7 | 1,405,000 | 2.45% |
| R-15 | 2027 | 412444 BU4 | 1,465,000 | 2.50% |
| R-16 | 2028 | 412444 BV2 | 1,535,000 | 2.625% |
| R-17 | 2029 | 412444 BW0 | 1,600,000 | 3.00% |
| R-18 | 2030 | 412444 BX8 | 1,675,000 | 3.00% |
| | | | **21,545,000** | |

**EXHIBIT B**

**IRS FORM 8038-G**

[Included in Transcript as Document Number D-5 at Tab No. 26]

**EXHIBIT C – PURCHASER'S CERTIFICATE**

[Included in Transcript as Document Number B-7 at Tab No. 16]

# EXHIBIT D

# ESTIMATED EXPENDITURE SCHEDULE

**Cash Flow Analysis**

# Summary for All Projects

**Hardy County Schools**

**17-May-2012**

| Timeline | | Expenses | | | | | Funding | | | Difference |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Moorefield HS | East Hardy HS | Total | Running | Remainder | Local | SBA | Running Total | |
| **2012** | | | | | | | | | | |
| January | | - | - | - | - | 43,015,669 | | | - | - |
| February | | - | - | - | - | 43,015,669 | | | - | - |
| March | | - | - | - | - | 43,015,669 | | | - | - |
| April | | - | - | - | - | 43,015,669 | | | - | - |
| May | | - | - | - | - | 43,015,669 | | **250,000** | 250,000 | 250,000 |
| June | | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| July | SBA Funding Available | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| August | | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| September | Local Bonds Sold | - | - | - | - | 43,015,669 | **21,507,835** | | 21,757,835 | 21,757,835 |
| October | | 40,000 | - | 40,000 | 40,000 | 42,975,669 | | | 21,757,835 | 21,717,835 |
| November | | 183,425 | - | 183,425 | 223,425 | 42,792,244 | | | 21,757,835 | 21,534,410 |
| December | | 30,000 | - | 30,000 | 253,425 | 42,762,244 | | | 21,757,835 | 21,504,410 |
| **2013** | | | | | | | | | | |
| January | | - | 30,000 | 30,000 | 283,425 | 42,732,244 | | | 21,757,835 | 21,474,410 |
| February | | 289,567 | 148,205 | 437,772 | 721,198 | 42,294,472 | | | 21,757,835 | 21,036,638 |
| March | | 50,000 | 30,000 | 80,000 | 801,198 | 42,214,472 | | | 21,757,835 | 20,956,638 |
| April | | - | 2,750 | 2,750 | 803,948 | 42,211,722 | | | 21,757,835 | 20,953,888 |
| May | | 7,500 | 235,357 | 242,857 | 1,046,805 | 41,968,865 | | | 21,757,835 | 20,711,031 |
| June | | 509,398 | 2,750 | 512,148 | 1,558,953 | 41,456,717 | | | 21,757,835 | 20,198,883 |
| July | SBA Funding Available | 2,750 | 2,750 | 5,500 | 1,564,453 | 41,451,217 | | | 21,757,835 | 20,193,383 |
| August | | 168,332 | 10,250 | 178,582 | 1,743,034 | 41,272,635 | | | 21,757,835 | 20,014,801 |
| September | | 127,190 | 412,535 | 539,725 | 2,282,760 | 40,732,909 | | | 21,757,835 | 19,475,075 |
| October | | 349,844 | 2,750 | 352,594 | 2,635,354 | 40,380,315 | | | 21,757,835 | 19,122,481 |
| November | | 460,505 | 148,234 | 608,739 | 3,244,093 | 39,771,576 | | | 21,757,835 | 18,513,742 |
| December | | 564,944 | 108,681 | 673,625 | 3,917,718 | 39,097,951 | | | 21,757,835 | 17,840,117 |
| **2014** | | | | | | | | | | |
| January | | 674,382 | 299,012 | 973,394 | 4,891,112 | 38,124,557 | | | 21,757,835 | 16,866,723 |
| February | | 773,820 | 480,331 | 1,254,151 | 6,145,263 | 36,870,406 | | | 21,757,835 | 15,612,572 |
| March | | 783,043 | 566,978 | 1,350,021 | 7,495,285 | 35,520,384 | | | 21,757,835 | 14,262,550 |
| April | | 879,508 | 662,638 | 1,542,146 | 9,037,431 | 33,978,238 | | | 21,757,835 | 12,720,404 |
| May | | 879,481 | 743,297 | 1,622,778 | 10,660,209 | 32,355,460 | | | 21,757,835 | 11,097,626 |
| June | | 988,947 | 747,285 | 1,736,232 | 12,396,441 | 30,619,228 | | | 21,757,835 | 9,361,394 |
| July | SBA Funding Available | 1,003,920 | 735,535 | 1,739,455 | 14,135,896 | 28,879,773 | | **11,000,000** | 32,757,835 | 18,621,939 |
| August | | 1,005,170 | 729,285 | 1,734,455 | 15,870,351 | 27,145,318 | | | 32,757,835 | 16,887,484 |
| September | | 1,003,920 | 820,207 | 1,824,126 | 17,694,477 | 25,321,192 | | | 32,757,835 | 15,063,358 |
| October | | 1,098,385 | 819,945 | 1,918,330 | 19,612,807 | 23,402,862 | | | 32,757,835 | 13,145,028 |
| November | | 1,206,573 | 910,866 | 2,117,439 | 21,730,246 | 21,285,423 | | | 32,757,835 | 11,027,589 |
| December | | 1,209,046 | 910,604 | 2,119,650 | 23,849,896 | 19,165,773 | | | 32,757,835 | 8,907,939 |
| **2015** | | | | | | | | | | |
| January | | 362,073 | 1,001,525 | 1,363,598 | 25,213,494 | 17,802,175 | | | 32,757,835 | 7,544,341 |
| February | | 476,755 | 1,001,263 | 1,478,019 | 26,691,513 | 16,324,156 | | | 32,757,835 | 6,066,322 |
| March | | 584,944 | 912,842 | 1,497,786 | 28,189,298 | 14,826,371 | | | 32,757,835 | 4,568,537 |
| April | | 577,416 | 910,604 | 1,488,020 | 29,677,319 | 13,338,350 | | | 32,757,835 | 3,080,516 |
| May | | 551,166 | 732,511 | 1,283,678 | 30,960,997 | 12,054,672 | | | 32,757,835 | 1,796,838 |
| June | | 660,632 | 729,285 | 1,389,917 | 32,350,914 | 10,664,755 | | | 32,757,835 | 406,921 |
| July | SBA Funding Available | 670,605 | 551,192 | 1,221,797 | 33,572,711 | 9,442,958 | | **10,257,834** | 43,015,669 | 9,442,958 |
| August | | 780,070 | 547,966 | 1,328,037 | 34,900,748 | 8,114,921 | | | 43,015,669 | 8,114,921 |
| September | | 775,043 | 549,216 | 1,324,259 | 36,225,007 | 6,790,662 | | | 43,015,669 | 6,790,662 |
| October | | 663,078 | 547,966 | 1,211,044 | 37,436,051 | 5,579,618 | | | 43,015,669 | 5,579,618 |
| November | | 660,605 | 638,825 | 1,299,430 | 38,735,480 | 4,280,189 | | | 43,015,669 | 4,280,189 |
| December | | 444,174 | 637,366 | 1,081,540 | 39,817,020 | 3,198,649 | | | 43,015,669 | 3,198,649 |
| **2016** | | | | | | | | | | |
| January | | 441,728 | 10,916 | 452,644 | 40,269,665 | 2,746,004 | | | 43,015,669 | 2,746,004 |
| February | | 333,414 | 1,090,413 | 1,423,827 | 41,693,491 | 1,322,178 | | | 43,015,669 | 1,322,178 |
| March | | 6,419 | - | 6,419 | 41,699,910 | 1,315,759 | | | 43,015,669 | 1,315,759 |
| April | | 1,315,759 | - | 1,315,759 | 43,015,669 | 0 | | | 43,015,669 | - |
| May | | - | - | - | 43,015,669 | 0 | | | 43,015,669 | - |
| June | | - | - | - | 43,015,669 | 0 | | | 43,015,669 | - |
| | | **23,593,531** | **19,422,138** | **43,015,669** | | | | | | |

**Cash Flow Analysis**

# Moorefield High School

**Hardy County Schools**

**17-May-12**

| Date | Project Timeline Notes | AE Contract | Construction Costs Percent | Construction Costs Total | Owner Direct Costs | Agency Review Percent | Agency Review Total | Total Expenditures Percent | Total Expenditures Total |
|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | |
| January | | - | | | - | | | | |
| February | | - | | | - | | | | |
| March | | - | | | - | | | | |
| April | | - | | | - | | | | |
| May | Bond election | - | | | - | | | | |
| June | | - | | | - | | | | |
| July | SBA funding available | - | | | - | | | | |
| August | | - | | | - | | | | |
| September | Bonds sold | - | | | - | | | | |
| October | | - | | | 40,000 | | | 0.17% | 40,000 |
| November | | 183,425 | | | - | | | 0.78% | 183,425 |
| December | | 30,000 | | | - | | | 0.13% | 30,000 |
| **2013** | | | | | | | | | |
| January | | - | | | - | | | 0.00% | - |
| February | | 244,567 | | | 45,000 | | | 1.23% | 289,567 |
| March | | - | | | 50,000 | | | 0.21% | 50,000 |
| April | | - | | | - | | | 0.00% | - |
| May | CDs complete | - | | | 7,500 | | | 0.03% | 7,500 |
| June | | 489,134 | | | 2,750 | 100.0% | 17,514 | 2.16% | 509,398 |
| July | Building bids received | - | | | 2,750 | | | 0.01% | 2,750 |
| August | Bldg construction begins | 101,142 | | | 67,190 | | | 0.71% | 168,332 |
| September | | - | 0.5% | 108,215 | 18,975 | | | 0.54% | 127,190 |
| October | | 1,223 | 1.5% | 324,646 | 23,975 | | | 1.48% | 349,844 |
| November | | 3,669 | 2.0% | 432,862 | 23,975 | | | 1.95% | 460,505 |
| December | | 4,891 | 2.5% | 541,077 | 18,975 | | | 2.39% | 564,944 |
| **2014** | | | | | | | | | |
| January | | 6,114 | 3.0% | 649,293 | 18,975 | | | 2.86% | 674,382 |
| February | | 7,337 | 3.5% | 757,508 | 8,975 | | | 3.28% | 773,820 |
| March | | 16,560 | 3.5% | 757,508 | 8,975 | | | 3.32% | 783,043 |
| April | | 8,560 | 4.0% | 865,724 | 5,225 | | | 3.73% | 879,508 |
| May | | 9,783 | 4.0% | 865,724 | 3,975 | | | 3.73% | 879,481 |
| June | | 9,783 | 4.5% | 973,939 | 5,225 | | | 4.19% | 988,947 |
| July | | 11,006 | 4.5% | 973,939 | 18,975 | | | 4.26% | 1,003,920 |
| August | | 11,006 | 4.5% | 973,939 | 20,225 | | | 4.26% | 1,005,170 |
| September | | 11,006 | 4.5% | 973,939 | 18,975 | | | 4.26% | 1,003,920 |
| October | | 11,006 | 5.0% | 1,082,155 | 5,225 | | | 4.66% | 1,098,385 |
| November | | 12,228 | 5.5% | 1,190,370 | 3,975 | | | 5.11% | 1,206,573 |
| December | | 13,451 | 5.5% | 1,190,370 | 5,225 | | | 5.12% | 1,209,046 |
| **2015** | | | | | | | | | |
| January | | 13,451 | 1.5% | 324,646 | 23,975 | | | 1.53% | 362,073 |
| February | | 3,669 | 2.0% | 432,862 | 40,225 | | | 2.02% | 476,755 |
| March | | 4,891 | 2.5% | 541,077 | 38,975 | | | 2.48% | 584,944 |
| April | | 6,114 | 2.5% | 541,077 | 30,225 | | | 2.45% | 577,416 |
| May | | 6,114 | 2.5% | 541,077 | 3,975 | | | 2.34% | 551,166 |
| June | | 6,114 | 3.0% | 649,293 | 5,225 | | | 2.80% | 660,632 |
| July | | 7,337 | 3.0% | 649,293 | 13,975 | | | 2.84% | 670,605 |
| August | | 7,337 | 3.5% | 757,508 | 15,225 | | | 3.31% | 780,070 |
| September | | 8,560 | 3.5% | 757,508 | 8,975 | | | 3.28% | 775,043 |
| October | | 8,560 | 3.0% | 649,293 | 5,225 | | | 2.81% | 663,078 |
| November | | 7,337 | 3.0% | 649,293 | 3,975 | | | 2.80% | 660,605 |
| December | | 7,337 | 2.0% | 432,862 | 3,975 | | | 1.88% | 444,174 |
| **2016** | | | | | | | | | |
| January | | 4,891 | 2.0% | 432,862 | 3,975 | | | 1.87% | 441,728 |
| February | Substantial completion | 4,891 | 1.5% | 324,646 | 3,876 | | | 1.41% | 333,414 |
| March | | 3,669 | | | 2,750 | | | 0.03% | 6,419 |
| April | Retainage payment | 14,674 | 6.0% | 1,298,585 | 2,500 | | | 5.58% | 1,315,759 |
| May | | - | | | - | | | | |
| June | | - | | | - | | | | |
| | | **1,300,835** | 100.0% | **21,643,091** | **632,091** | 100.0% | **17,514** | 100.0% | **23,593,531** |

**Cash Flow Analysis**

# East Hardy High School

**Hardy County Schools**

**17-May-12**

| Date | Project Timeline Notes | AE Contract | Construction Costs Percent | Construction Costs Total | Owner Direct Costs | Agency Review Percent | Agency Review Total | Total Expenditures Percent | Total Expenditures Total | Running Expenses | Difference | | Running Total | | School Building Authority SBA % | School Building Authority Monthly | School Building Authority Running Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | | | | | | | | | |
| January | | | | | | | | | | | | | | | | | |
| February | | | | | | | | | | | | | | | | | |
| March | | | | | | | | | | | | | | | | | |
| April | | | | | | | | | | - | - | | | | | | |
| May | Bond election | | | | | | | | | - | - | | | | | | |
| June | | | | | | | | | | - | - | | | | | 100,000 | 100,000 |
| July | SBA funding available | | | | | | | | | - | - | | | | | - | 100,000 |
| August | | | | | | | | | | - | - | | | | | - | 100,000 |
| September | Bonds sold | | | | | | | | | - | - | | | | | - | 100,000 |
| October | | | | | | | | | | - | - | | | | | - | 100,000 |
| November | | | | | | | | | | - | - | | | | | - | 100,000 |
| December | | | | | | | | | | - | - | | | | | - | 100,000 |
| **2013** | | | | | | | | | | | | | | | | | |
| January | | - | | | 30,000 | | | 0.15% | 30,000 | 30,000 | (30,000) | 148,205 | | | | - | 100,000 |
| February | | 148,205 | | | - | | | 0.76% | 148,205 | 178,205 | (178,205) | | 148,205 | | | - | 100,000 |
| March | | 30,000 | | | - | | | 0.15% | 30,000 | 208,205 | (208,205) | | 30,000 | 178,205 | | - | 100,000 |
| April | | - | | | 2,750 | | | 0.01% | 2,750 | 210,955 | (210,955) | | 2,750 | 180,955 | | - | 100,000 |
| May | | 197,607 | | | 37,750 | | | 1.21% | 235,357 | 446,312 | (446,312) | | 235,357 | 416,312 | | - | 100,000 |
| June | | - | | | 2,750 | | | 0.01% | 2,750 | 449,062 | (449,062) | | 2,750 | 419,062 | | - | 100,000 |
| July | | - | | | 2,750 | | | 0.01% | 2,750 | 451,812 | (451,812) | | 2,750 | 421,812 | | - | 100,000 |
| August | CDs complete | - | | | 10,250 | | | 0.05% | 10,250 | 462,062 | (462,062) | | 10,250 | 432,062 | | - | 100,000 |
| September | | 395,214 | | | 2,750 | 100.0% | 14,571 | 2.12% | 412,535 | 874,597 | (874,597) | | 412,535 | 844,597 | | - | 100,000 |
| October | Building bids received | - | | | 2,750 | | | 0.01% | 2,750 | 877,347 | (877,347) | 0.4037035 | 1,110 | 845,707 | 0.5962965 | 1,640 | 101,640 |
| November | Bldg construction begins | 89,402 | | | 58,832 | | | 0.76% | 148,234 | 1,025,581 | (1,025,581) | | 59,842 | 905,550 | | 88,391 | 190,031 |
| December | | - | 0.5% | 89,671 | 19,010 | | | 0.56% | 108,681 | 1,134,262 | (1,134,262) | | 43,875 | 949,425 | | 64,806 | 254,837 |
| **2014** | | | | | | | | | | | | | | | | | |
| January | | 988 | 1.5% | 269,014 | 29,010 | | | 1.54% | 299,012 | 1,433,274 | (1,433,274) | | 120,712 | 1,070,137 | | 178,300 | 433,137 |
| February | | 2,964 | 2.5% | 448,357 | 29,010 | | | 2.47% | 480,331 | 1,913,605 | (1,913,605) | | 193,911 | 1,264,048 | | 286,420 | 719,557 |
| March | | 4,940 | 3.0% | 538,028 | 24,010 | | | 2.92% | 566,978 | 2,480,584 | (2,480,584) | | 228,891 | 1,492,940 | | 338,087 | 1,057,644 |
| April | | 5,928 | 3.5% | 627,700 | 29,010 | | | 3.41% | 662,638 | 3,143,222 | (3,143,222) | | 267,509 | 1,760,449 | | 395,129 | 1,452,773 |
| May | Furnishings bids received | 6,916 | 4.0% | 717,371 | 19,010 | | | 3.83% | 743,297 | 3,886,519 | (3,886,519) | | 300,072 | 2,060,520 | | 443,225 | 1,895,998 |
| June | | 15,904 | 4.0% | 717,371 | 14,010 | | | 3.85% | 747,285 | 4,633,804 | (4,633,804) | | 301,682 | 2,362,202 | | 445,604 | 2,341,602 |
| July | | 7,904 | 4.0% | 717,371 | 10,260 | | | 3.79% | 735,535 | 5,369,339 | (5,369,339) | | 296,938 | 2,659,140 | | 438,597 | 2,780,199 |
| August | | 7,904 | 4.0% | 717,371 | 4,010 | | | 3.75% | 729,285 | 6,098,624 | (6,098,624) | | 294,415 | 2,953,555 | | 434,870 | 3,215,069 |
| September | | 7,904 | 4.5% | 807,042 | 5,260 | | | 4.22% | 820,207 | 6,918,831 | (6,918,831) | | 331,120 | 3,284,676 | | 489,086 | 3,704,155 |
| October | | 8,892 | 4.5% | 807,042 | 4,010 | | | 4.22% | 819,945 | 7,738,775 | (7,738,775) | | 331,015 | 3,615,690 | | 488,930 | 4,193,085 |
| November | | 8,892 | 5.0% | 896,714 | 5,260 | | | 4.69% | 910,866 | 8,649,641 | (8,649,641) | | 367,720 | 3,983,410 | | 543,146 | 4,736,232 |
| December | | 9,880 | 5.0% | 896,714 | 4,010 | | | 4.69% | 910,604 | 9,560,245 | (9,560,245) | | 367,614 | 4,351,024 | | 542,990 | 5,279,222 |
| **2015** | | | | | | | | | | | | | | | | | |
| January | | 9,880 | 5.5% | 986,385 | 5,260 | | | 5.16% | 1,001,525 | 10,561,771 | (10,561,771) | | 404,319 | 4,755,343 | | 597,206 | 5,876,428 |
| February | | 10,868 | 5.5% | 986,385 | 4,010 | | | 5.16% | 1,001,263 | 11,563,034 | (11,563,034) | | 404,214 | 5,159,557 | | 597,050 | 6,473,478 |
| March | | 10,868 | 5.0% | 896,714 | 5,260 | | | 4.70% | 912,842 | 12,475,876 | (12,475,876) | | 368,518 | 5,528,074 | | 544,325 | 7,017,802 |
| April | | 9,880 | 5.0% | 896,714 | 4,010 | | | 4.69% | 910,604 | 13,386,480 | (13,386,480) | | 367,614 | 5,895,688 | | 542,990 | 7,560,792 |
| May | | 9,880 | 4.0% | 717,371 | 5,260 | | | 3.77% | 732,511 | 14,118,992 | (14,118,992) | | 295,717 | 6,191,406 | | 436,794 | 7,997,586 |
| June | | 7,904 | 4.0% | 717,371 | 4,010 | | | 3.75% | 729,285 | 14,848,277 | (14,848,277) | | 294,415 | 6,485,821 | | 434,870 | 8,432,456 |
| July | | 7,904 | 3.0% | 538,028 | 5,260 | | | 2.84% | 551,192 | 15,399,469 | (15,399,469) | | 222,518 | 6,708,339 | | 328,674 | 8,761,130 |
| August | | 5,928 | 3.0% | 538,028 | 4,010 | | | 2.82% | 547,966 | 15,947,436 | | | | | | | |
| September | | 5,928 | 3.0% | 538,028 | 5,260 | | | 2.83% | 549,216 | 16,496,652 | | | | | | | |
| October | | 5,928 | 3.0% | 538,028 | 4,010 | | | 2.82% | 547,966 | 17,044,618 | | | | | | | |
| November | | 5,928 | 3.5% | 627,700 | 5,197 | | | 3.29% | 638,825 | 17,683,443 | | | | | | | |
| December | Substantial completion | 6,916 | 3.5% | 627,700 | 2,750 | | | 3.28% | 637,366 | 18,320,809 | | | | | | | |
| **2016** | | | | | | | | | | | | | | | | | |
| January | | 6,916 | | | 4,000 | | | 0.06% | 10,916 | 18,331,725 | | | | | | | |
| February | Retainage payment | 11,856 | 6.0% | 1,076,056 | 2,500 | | | 5.61% | 1,090,413 | 19,422,138 | | | | | | | |
| March | | | | | | | | | | | | | | | | | |
| April | | | | | | | | | | | | | | | | | |
| May | | | | | | | | | | | | | | | | | |
| June | | | | | | | | | | | | | | | | | |
| | | **1,066,035** | 100.0% | **17,934,273** | **407,259** | 100.0% | **14,571** | 100.0% | **19,422,138** | | | | | | | | |

| **Values from Cost Breakdown** | |
|---|---|
| Site/Building/F&E/Contingency Value | 17,934,273 |
| Design Services Value | |
| Design Fee | 988,035 |
| Reimbursibles | 48,000 |
| Add'l Services | 30,000 |
| Agency Review Value | 14,571 |
| Owner Direct Costs Value | 407,259 |
| | 19,422,138 |

**Project Cost Breakdown**

| Expenditure Category | Moorefield HS | East Hardy HS |
|---|---|---|
| Site Work / Utilities | 1,197,300 | 910,250 |
| New Construction | 16,677,565 | 8,103,591 |
| Renovations | 2,935,800 | 8,259,498 |
| Sub-Total Construction | 20,810,665 | 17,273,339 |
| Contingencies | 832,426 | 660,934 |
| Total Construction | 21,643,091 | 17,934,273 |
| Design | 1,300,835 | 1,066,035 |
| Agency Review | 17,514 | 14,571 |
| Owner Direct Expenses | 632,091 | 407,259 |
| Project Total | 23,593,531 | 19,422,138 |

**$21,545,000**
**THE BOARD OF EDUCATION OF THE COUNTY OF HARDY**
**(WEST VIRGINIA)**
**PUBLIC SCHOOL BONDS, SERIES 2012**

## CERTIFICATE OF ISSUER

The undersigned, Margaret A. Shriver, President of The Board of Education of the County of Hardy, West Virginia (the "Issuer"), hereby certifies as follows relative to the use of the proceeds of the Issuer's $21,545,000 Public School Bonds, Series 2012, dated October 25, 2012 (the "Bonds"):

1. The proceeds of the Bonds are being used to finance the acquisition of sites and the acquisition, construction, and equipping of two new schools and the renovation, expansion and improvement of certain existing schools (collectively, the "Project"), to pay a portion of the interest due on the Bonds during the period of acquisition and construction of the Project and to pay costs of issuance of the Bonds. The proceeds of the Bonds in the amount of $21,572,948.10 (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and, together with earnings thereon, expended solely for payment of costs of the Project, and payment of costs of issuance of the Bonds.

2. The Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds within 6 months of the Issue Date.

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

4. The Issuer reasonably expects to expend at least 85% of the Net Sale Proceeds and earnings thereon for costs of the Project within 3 years of the Issue Date as shown on the Estimated Construction Draw Schedule attached hereto as **EXHIBIT A – ESTIMATED CONSTRUCTION DRAW SCHEDULE,** and incorporated by reference herein.

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WITNESS my signature this 25th day of October, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

By: Margaret A. Shriver
Margaret A. Shriver
Its: President

[Signature Page to Certificate of Issuer - Hardy County]

# EXHIBIT A

# ESTIMATED CONSTRUCTION DRAW SCHEDULE

**Cash Flow Analysis**

# Summary for All Projects

**Hardy County Schools**

**17-May-2012**

| Timeline | | Expenses | | | | | Funding | | | Difference |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Moorefield HS | East Hardy HS | Total | Running | Remainder | Local | SBA | Running Total | |
| **2012** | | | | | | 43,015,669 | | | - | - |
| January | | - | - | - | - | 43,015,669 | | | - | - |
| February | | - | - | - | - | 43,015,669 | | | - | - |
| March | | - | - | - | - | 43,015,669 | | | - | - |
| April | | - | - | - | - | 43,015,669 | | **250,000** | 250,000 | 250,000 |
| May | | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| June | | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| July | SBA Funding Available | - | - | - | - | 43,015,669 | | | 250,000 | 250,000 |
| August | | - | - | - | - | 43,015,669 | **21,507,835** | | 21,757,835 | 21,757,835 |
| September | Local Bonds Sold | - | - | - | - | 42,975,669 | | | 21,757,835 | 21,717,835 |
| October | | 40,000 | - | 40,000 | 40,000 | 42,792,244 | | | 21,757,835 | 21,534,410 |
| November | | 183,425 | - | 183,425 | 223,425 | 42,762,244 | | | 21,757,835 | 21,504,410 |
| December | | 30,000 | - | 30,000 | 253,425 | 42,732,244 | | | - | - |
| **2013** | | | | | | | | | 21,757,835 | 21,474,410 |
| January | | - | 30,000 | 30,000 | 283,425 | 42,294,472 | | | 21,757,835 | 21,036,638 |
| February | | 289,567 | 148,205 | 437,772 | 721,198 | 42,214,472 | | | 21,757,835 | 20,956,638 |
| March | | 50,000 | 30,000 | 80,000 | 801,198 | 42,211,722 | | | 21,757,835 | 20,953,888 |
| April | | - | 2,750 | 2,750 | 803,948 | 41,968,865 | | | 21,757,835 | 20,711,031 |
| May | | 7,500 | 235,357 | 242,857 | 1,046,805 | 41,456,717 | | | 21,757,835 | 20,198,883 |
| June | | 509,398 | 2,750 | 512,148 | 1,558,953 | 41,451,217 | | | 21,757,835 | 20,193,383 |
| July | SBA Funding Available | 2,750 | 2,750 | 5,500 | 1,564,453 | 41,272,635 | | | 21,757,835 | 20,014,801 |
| August | | 168,332 | 10,250 | 178,582 | 1,743,034 | 40,732,909 | | | 21,757,835 | 19,475,075 |
| September | | 127,190 | 412,535 | 539,725 | 2,282,760 | 40,380,315 | | | 21,757,835 | 19,122,481 |
| October | | 349,844 | 2,750 | 352,594 | 2,635,354 | 39,771,576 | | | 21,757,835 | 18,513,742 |
| November | | 460,505 | 148,234 | 608,739 | 3,244,093 | 39,097,951 | | | 21,757,835 | 17,840,117 |
| December | | 564,944 | 108,681 | 673,625 | 3,917,718 | 38,124,557 | | | 21,757,835 | 16,866,723 |
| **2014** | | | | | | | | | 21,757,835 | 15,612,572 |
| January | | 674,382 | 299,012 | 973,394 | 4,891,112 | 36,870,406 | | | 21,757,835 | 14,262,550 |
| February | | 773,820 | 480,331 | 1,254,151 | 6,145,263 | 35,520,384 | | | 21,757,835 | 12,720,404 |
| March | | 783,043 | 566,978 | 1,350,021 | 7,495,285 | 33,978,238 | | | 21,757,835 | 11,097,626 |
| April | | 879,508 | 662,638 | 1,542,146 | 9,037,431 | 32,355,460 | | | 21,757,835 | 9,361,394 |
| May | | 879,481 | 743,297 | 1,622,778 | 10,660,209 | 30,619,228 | | | 21,757,835 | 18,621,939 |
| June | | 988,947 | 747,285 | 1,736,232 | 12,396,441 | 28,879,773 | | **11,000,000** | 32,757,835 | 16,887,484 |
| July | SBA Funding Available | 1,003,920 | 735,535 | 1,739,455 | 14,135,896 | 27,145,318 | | | 32,757,835 | 15,063,358 |
| August | | 1,005,170 | 729,285 | 1,734,455 | 15,870,351 | 25,321,192 | | | 32,757,835 | 13,145,028 |
| September | | 1,003,920 | 820,207 | 1,824,126 | 17,694,477 | 23,402,862 | | | 32,757,835 | 11,027,589 |
| October | | 1,098,385 | 819,945 | 1,918,330 | 19,612,807 | 21,285,423 | | | 32,757,835 | 8,907,939 |
| November | | 1,206,573 | 910,866 | 2,117,439 | 21,730,246 | 19,165,773 | | | 32,757,835 | 7,544,341 |
| December | | 1,209,046 | 910,604 | 2,119,650 | 23,849,896 | 17,802,175 | | | 32,757,835 | 6,066,322 |
| **2015** | | | | | | | | | 32,757,835 | 4,568,537 |
| January | | 362,073 | 1,001,525 | 1,363,598 | 25,213,494 | 16,324,156 | | | 32,757,835 | 3,080,516 |
| February | | 476,755 | 1,001,263 | 1,478,019 | 26,691,513 | 14,826,371 | | | 32,757,835 | 1,796,838 |
| March | | 584,944 | 912,842 | 1,497,786 | 28,189,298 | 13,338,350 | | | 32,757,835 | 406,921 |
| April | | 577,416 | 910,604 | 1,488,020 | 29,677,319 | 12,054,672 | | | 32,757,835 | 9,442,958 |
| May | | 551,166 | 732,511 | 1,283,678 | 30,960,997 | 10,664,755 | | **10,257,834** | 43,015,669 | 8,114,921 |
| June | | 660,632 | 729,285 | 1,389,917 | 32,350,914 | 9,442,958 | | | 43,015,669 | 6,790,662 |
| July | SBA Funding Available | 670,605 | 551,192 | 1,221,797 | 33,572,711 | 8,114,921 | | | 43,015,669 | 5,579,618 |
| August | | 780,070 | 547,966 | 1,328,037 | 34,900,748 | 6,790,662 | | | 43,015,669 | 4,280,189 |
| September | | 775,043 | 549,216 | 1,324,259 | 36,225,007 | 5,579,618 | | | 43,015,669 | 3,198,649 |
| October | | 663,078 | 547,966 | 1,211,044 | 37,436,051 | 4,280,189 | | | 43,015,669 | 2,746,004 |
| November | | 660,605 | 638,825 | 1,299,430 | 38,735,480 | 3,198,649 | | | 43,015,669 | 1,322,178 |
| December | | 444,174 | 637,366 | 1,081,540 | 39,817,020 | 2,746,004 | | | 43,015,669 | 1,315,759 |
| **2016** | | | | | | | | | 43,015,669 | - |
| January | | 441,728 | 10,916 | 452,644 | 40,269,665 | 1,322,178 | | | 43,015,669 | - |
| February | | 333,414 | 1,090,413 | 1,423,827 | 41,693,491 | 1,315,759 | | | 43,015,669 | - |
| March | | 6,419 | - | 6,419 | 41,699,910 | 0 | | | 43,015,669 | - |
| April | | 1,315,759 | - | 1,315,759 | 43,015,669 | 0 | | | 43,015,669 | - |
| May | | - | - | - | 43,015,669 | 0 | | | 43,015,669 | - |
| June | | - | - | - | 43,015,669 | 0 | | | 43,015,669 | - |
| | | **23,593,531** | **19,422,138** | **43,015,669** | | | | | | |

**Cash Flow Analysis**

# Moorefield High School

**Hardy County Schools**

**17-May-12**

| Date | Project Timeline Notes | AE Contract | Construction Costs Percent | Construction Costs Total | Owner Direct Costs | Agency Review Percent | Agency Review Total | Total Expenditures Percent | Total Expenditures Total |
|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | |
| January | | - | | | - | | | | |
| February | | - | | | - | | | | |
| March | | - | | | - | | | | |
| April | | - | | | - | | | | |
| May | Bond election | - | | | - | | | | |
| June | | - | | | - | | | | |
| July | SBA funding available | - | | | - | | | | |
| August | | - | | | - | | | | |
| September | Bonds sold | - | | | - | | | | |
| October | | - | | | 40,000 | | | 0.17% | 40,000 |
| November | | 183,425 | | | - | | | 0.78% | 183,425 |
| December | | 30,000 | | | - | | | 0.13% | 30,000 |
| **2013** | | | | | | | | | |
| January | | - | | | - | | | 0.00% | - |
| February | | 244,567 | | | 45,000 | | | 1.23% | 289,567 |
| March | | - | | | 50,000 | | | 0.21% | 50,000 |
| April | | - | | | - | | | 0.00% | - |
| May | CDs complete | - | | | 7,500 | | | 0.03% | 7,500 |
| June | | 489,134 | | | 2,750 | 100.0% | 17,514 | 2.16% | 509,398 |
| July | Building bids received | - | | | 2,750 | | | 0.01% | 2,750 |
| August | Bldg construction begins | 101,142 | | | 67,190 | | | 0.71% | 168,332 |
| September | | - | 0.5% | 108,215 | 18,975 | | | 0.54% | 127,190 |
| October | | 1,223 | 1.5% | 324,646 | 23,975 | | | 1.48% | 349,844 |
| November | | 3,669 | 2.0% | 432,862 | 23,975 | | | 1.95% | 460,505 |
| December | | 4,891 | 2.5% | 541,077 | 18,975 | | | 2.39% | 564,944 |
| **2014** | | | | | | | | | |
| January | | 6,114 | 3.0% | 649,293 | 18,975 | | | 2.86% | 674,382 |
| February | | 7,337 | 3.5% | 757,508 | 8,975 | | | 3.28% | 773,820 |
| March | | 16,560 | 3.5% | 757,508 | 8,975 | | | 3.32% | 783,043 |
| April | | 8,560 | 4.0% | 865,724 | 5,225 | | | 3.73% | 879,508 |
| May | | 9,783 | 4.0% | 865,724 | 3,975 | | | 3.73% | 879,481 |
| June | | 9,783 | 4.5% | 973,939 | 5,225 | | | 4.19% | 988,947 |
| July | | 11,006 | 4.5% | 973,939 | 18,975 | | | 4.26% | 1,003,920 |
| August | | 11,006 | 4.5% | 973,939 | 20,225 | | | 4.26% | 1,005,170 |
| September | | 11,006 | 4.5% | 973,939 | 18,975 | | | 4.26% | 1,003,920 |
| October | | 11,006 | 5.0% | 1,082,155 | 5,225 | | | 4.66% | 1,098,385 |
| November | | 12,228 | 5.5% | 1,190,370 | 3,975 | | | 5.11% | 1,206,573 |
| December | | 13,451 | 5.5% | 1,190,370 | 5,225 | | | 5.12% | 1,209,046 |
| **2015** | | | | | | | | | |
| January | | 13,451 | 1.5% | 324,646 | 23,975 | | | 1.53% | 362,073 |
| February | | 3,669 | 2.0% | 432,862 | 40,225 | | | 2.02% | 476,755 |
| March | | 4,891 | 2.5% | 541,077 | 38,975 | | | 2.48% | 584,944 |
| April | | 6,114 | 2.5% | 541,077 | 30,225 | | | 2.45% | 577,416 |
| May | | 6,114 | 2.5% | 541,077 | 3,975 | | | 2.34% | 551,166 |
| June | | 6,114 | 3.0% | 649,293 | 5,225 | | | 2.80% | 660,632 |
| July | | 7,337 | 3.0% | 649,293 | 13,975 | | | 2.84% | 670,605 |
| August | | 7,337 | 3.5% | 757,508 | 15,225 | | | 3.31% | 780,070 |
| September | | 8,560 | 3.5% | 757,508 | 8,975 | | | 3.28% | 775,043 |
| October | | 8,560 | 3.0% | 649,293 | 5,225 | | | 2.81% | 663,078 |
| November | | 7,337 | 3.0% | 649,293 | 3,975 | | | 2.80% | 660,605 |
| December | | 7,337 | 2.0% | 432,862 | 3,975 | | | 1.88% | 444,174 |
| **2016** | | | | | | | | | |
| January | | 4,891 | 2.0% | 432,862 | 3,975 | | | 1.87% | 441,728 |
| February | Substantial completion | 4,891 | 1.5% | 324,646 | 3,876 | | | 1.41% | 333,414 |
| March | | 3,669 | | | 2,750 | | | 0.03% | 6,419 |
| April | Retainage payment | 14,674 | 6.0% | 1,298,585 | 2,500 | | | 5.58% | 1,315,759 |
| May | | - | | | - | | | | |
| June | | - | | | - | | | | |
| | | **1,300,835** | 100.0% | **21,643,091** | **632,091** | 100.0% | **17,514** | 100.0% | **23,593,531** |

Cash Flow Analysis

# East Hardy High School

**Hardy County Schools**

17-May-12

| Date | Project Timeline Notes | AE Contract | Construction Costs Percent | Construction Costs Total | Owner Direct Costs | Agency Review Percent | Agency Review Total | Total Expenditures Percent | Total Expenditures Total | Running Expenses | Difference | | Running Total | School Building Authority SBA % | School Building Authority Monthly | School Building Authority Running Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | | - | - | | | | | |
| January | | | | | | | | | | - | - | | | | | |
| February | | | | | | | | | | - | - | | | | | |
| March | | | | | | | | | | - | - | | | | | |
| April | | | | | | | | | | - | - | | | | 100,000 | 100,000 |
| May | Bond election | | | | | | | | | - | - | | | | - | 100,000 |
| June | | | | | | | | | | - | - | | | | - | 100,000 |
| July | SBA funding available | | | | | | | | | - | - | | | | - | 100,000 |
| August | | | | | | | | | | - | - | | | | - | 100,000 |
| September | Bonds sold | | | | | | | | | - | - | | | | - | 100,000 |
| October | | | | | | | | | | - | - | | | | - | 100,000 |
| November | | | | | | | | | | - | - | | | | - | 100,000 |
| December | | | | | | | | | | - | - | | | | - | 100,000 |
| **2013** | | | | | | | | | | | | 148,205 | | | - | 100,000 |
| January | | - | | | 30,000 | | | 0.15% | 30,000 | 30,000 | (30,000) | | 148,205 | | - | 100,000 |
| February | | 148,205 | | | - | | | 0.76% | 148,205 | 178,205 | (178,205) | | 30,000 | 178,205 | - | 100,000 |
| March | | 30,000 | | | - | | | 0.15% | 30,000 | 208,205 | (208,205) | | 2,750 | 180,955 | - | 100,000 |
| April | | - | | | 2,750 | | | 0.01% | 2,750 | 210,955 | (210,955) | | 235,357 | 416,312 | - | 100,000 |
| May | | 197,607 | | | 37,750 | | | 1.21% | 235,357 | 446,312 | (446,312) | | 2,750 | 419,062 | - | 100,000 |
| June | | - | | | 2,750 | | | 0.01% | 2,750 | 449,062 | (449,062) | | 2,750 | 421,812 | - | 100,000 |
| July | | - | | | 2,750 | | | 0.01% | 2,750 | 451,812 | (451,812) | | 10,250 | 432,062 | - | 100,000 |
| August | CDs complete | - | | | 10,250 | | | 0.05% | 10,250 | 462,062 | (462,062) | | 412,535 | 844,597 | - | 100,000 |
| September | | 395,214 | | | 2,750 | 100.0% | 14,571 | 2.12% | 412,535 | 874,597 | (874,597) | | 1,110 | 845,707 | 0.5962965 | 1,640 | 101,640 |
| October | Building bids received | - | | | 2,750 | | | 0.01% | 2,750 | 877,347 | (877,347) | 0.4037035 | 59,842 | 905,550 | | 88,391 | 190,031 |
| November | Bldg construction begins | 89,402 | | | 58,832 | | | 0.76% | 148,234 | 1,025,581 | (1,025,581) | | 43,875 | 949,425 | | 64,806 | 254,837 |
| December | | - | 0.5% | 89,671 | 19,010 | | | 0.56% | 108,681 | 1,134,262 | (1,134,262) | | | | | | |
| **2014** | | | | | | | | | | | | | 120,712 | 1,070,137 | | 178,300 | 433,137 |
| January | | 988 | 1.5% | 269,014 | 29,010 | | | 1.54% | 299,012 | 1,433,274 | (1,433,274) | | 193,911 | 1,264,048 | | 286,420 | 719,557 |
| February | | 2,964 | 2.5% | 448,357 | 29,010 | | | 2.47% | 480,331 | 1,913,605 | (1,913,605) | | 228,891 | 1,492,940 | | 338,087 | 1,057,644 |
| March | | 4,940 | 3.0% | 538,028 | 24,010 | | | 2.92% | 566,978 | 2,480,584 | (2,480,584) | | 267,509 | 1,760,449 | | 395,129 | 1,452,773 |
| April | | 5,928 | 3.5% | 627,700 | 29,010 | | | 3.41% | 662,638 | 3,143,222 | (3,143,222) | | 300,072 | 2,060,520 | | 443,225 | 1,895,998 |
| May | Furnishings bids received | 6,916 | 4.0% | 717,371 | 19,010 | | | 3.83% | 743,297 | 3,886,519 | (3,886,519) | | 301,682 | 2,362,202 | | 445,604 | 2,341,602 |
| June | | 15,904 | 4.0% | 717,371 | 14,010 | | | 3.85% | 747,285 | 4,633,804 | (4,633,804) | | 296,938 | 2,659,140 | | 438,597 | 2,780,199 |
| July | | 7,904 | 4.0% | 717,371 | 10,260 | | | 3.79% | 735,535 | 5,369,339 | (5,369,339) | | 294,415 | 2,953,555 | | 434,870 | 3,215,069 |
| August | | 7,904 | 4.0% | 717,371 | 4,010 | | | 3.75% | 729,285 | 6,098,624 | (6,098,624) | | 331,120 | 3,284,676 | | 489,086 | 3,704,155 |
| September | | 7,904 | 4.5% | 807,042 | 5,260 | | | 4.22% | 820,207 | 6,918,831 | (6,918,831) | | 331,015 | 3,615,690 | | 488,930 | 4,193,085 |
| October | | 8,892 | 4.5% | 807,042 | 4,010 | | | 4.22% | 819,945 | 7,738,775 | (7,738,775) | | 367,720 | 3,983,410 | | 543,146 | 4,736,232 |
| November | | 8,892 | 5.0% | 896,714 | 5,260 | | | 4.69% | 910,866 | 8,649,641 | (8,649,641) | | 367,614 | 4,351,024 | | 542,990 | 5,279,222 |
| December | | 9,880 | 5.0% | 896,714 | 4,010 | | | 4.69% | 910,604 | 9,560,245 | (9,560,245) | | | | | | |
| **2015** | | | | | | | | | | | | | 404,319 | 4,755,343 | | 597,206 | 5,876,428 |
| January | | 9,880 | 5.5% | 986,385 | 5,260 | | | 5.16% | 1,001,525 | 10,561,771 | (10,561,771) | | 404,214 | 5,159,557 | | 597,050 | 6,473,478 |
| February | | 10,868 | 5.5% | 986,385 | 4,010 | | | 5.16% | 1,001,263 | 11,563,034 | (11,563,034) | | 368,518 | 5,528,074 | | 544,325 | 7,017,802 |
| March | | 10,868 | 5.0% | 896,714 | 5,260 | | | 4.70% | 912,842 | 12,475,876 | (12,475,876) | | 367,614 | 5,895,688 | | 542,990 | 7,560,792 |
| April | | 9,880 | 5.0% | 896,714 | 4,010 | | | 4.69% | 910,604 | 13,386,480 | (13,386,480) | | 295,717 | 6,191,406 | | 436,794 | 7,997,586 |
| May | | 9,880 | 4.0% | 717,371 | 5,260 | | | 3.77% | 732,511 | 14,118,992 | (14,118,992) | | 294,415 | 6,485,821 | | 434,870 | 8,432,456 |
| June | | 7,904 | 4.0% | 717,371 | 4,010 | | | 3.75% | 729,285 | 14,848,277 | (14,848,277) | | 222,518 | 6,708,339 | | 328,674 | 8,761,130 |
| July | | 7,904 | 3.0% | 538,028 | 5,260 | | | 2.84% | 551,192 | 15,399,469 | (15,399,469) | | | | | | |
| August | | 5,928 | 3.0% | 538,028 | 4,010 | | | 2.82% | 547,966 | 15,947,436 | | | | | | | |
| September | | 5,928 | 3.0% | 538,028 | 5,260 | | | 2.83% | 549,216 | 16,496,652 | | | | | | | |
| October | | 5,928 | 3.0% | 538,028 | 4,010 | | | 2.82% | 547,966 | 17,044,618 | | | | | | | |
| November | | 5,928 | 3.5% | 627,700 | 5,197 | | | 3.29% | 638,825 | 17,683,443 | | | | | | | |
| December | Substantial completion | 6,916 | 3.5% | 627,700 | 2,750 | | | 3.28% | 637,366 | 18,320,809 | | | | | | | |
| **2016** | | | | | | | | | | | | | | | | | |
| January | | 6,916 | | | 4,000 | | | 0.06% | 10,916 | 18,331,725 | | | | | | | |
| February | Retainage payment | 11,856 | 6.0% | 1,076,056 | 2,500 | | | 5.61% | 1,090,413 | 19,422,138 | | | | | | | |
| March | | | | | | | | | | | | | | | | | |
| April | | | | | | | | | | | | | | | | | |
| May | | | | | | | | | | | | | | | | | |
| June | | | | | | | | | | | | | | | | | |
| | | 1,066,035 | 100.0% | 17,934,273 | 407,259 | 100.0% | 14,571 | 100.0% | 19,422,138 | | | | | | | | |

| Values from Cost Breakdown | |
|---|---|
| Site/Building/F&E/Contingency Value | 17,934,273 |
| Design Services Value | |
| Design Fee | 988,035 |
| Reimbursibles | 48,000 |
| Add'l Services | 30,000 |
| Agency Review Value | 14,571 |
| Owner Direct Costs Value | 407,259 |
| | 19,422,138 |

**Project Cost Breakdown**

| Expenditure Category | Moorefield HS | East Hardy HS |
|---|---|---|
| Site Work / Utilities | 1,197,300 | 910,250 |
| New Construction | 16,677,565 | 8,103,591 |
| Renovations | 2,935,800 | 8,259,498 |
| Sub-Total Construction | 20,810,665 | 17,273,339 |
| Contingencies | 832,426 | 660,934 |
| Total Construction | 21,643,091 | 17,934,273 |
| Design | 1,300,835 | 1,066,035 |
| Agency Review | 17,514 | 14,571 |
| Owner Direct Expenses | 632,091 | 407,259 |
| Project Total | 23,593,531 | 19,422,138 |

**Board of Canvassers Certificate of Votes Cast for**
**The Bond Issue of the Hardy County Board of Education**
**of the May 08th, 2012 Primary Election**

Office of the County Court Hardy County, WV May 08th 2012

The Board of Canvassers of the County of Hardy, State of West Virginia, on this 14th day of May, 2012, having carefully and impartially examined the returns of the Primary Election held in said County on the 08th day of May 2012, do hereby certify that in said county and district thereof at said election on the official ballot of Hardy County: **Non-Partisan Ballot**

**For the School Bond Election Hardy County Board of Education:**

| | | |
|---|---|---|
| Yes | (one thousand nine hundred ninety eight) | 1,998 votes |
| No | (one thousand five hundred seventy three) | 1,573 votes |

Given under our hands this 16th day of May 2012
Board of canvassers:

William E. Keplinger Jr.

A. J. Wade

J. Michael Teets

Poll Worker Primary 2012

## Capon Dist.

Pollworkers

**Precint #1 War Mem. Bld. Lt. side Rt. 55**
D – Ann Dunlap 874-3290 Irene Mongold 897-5286 Jennifer Miller 434-2220
R- Susan Rhoades 874-3358 Barbara Ratcliff 874-4363 cell 668-5533

**Precint #2 (A&B) Wardensville Visitor Ctr. Rt.side 55**
D-Ann Hodges 874-4491 Betty Tharp 874-3964 Sandra Kerr 874-3333
R- Janet Fitzwater 874-3981 Stephen Rhoades 874-3558

**Precint #3 Arkansas Comm. Center 897-6349**
D- Nicole Snyder 897-6463 Gladstone Smith, 897-6141--------- Catherine Smith 897-6141
R- Hilda Bradfield 897-6385 Charlotte Bradfield 897-4363

**Precint#15 Bean Sett. Comm. Bld 897-6626**
D- Gerald Connor 897-6315 Judith Miller 897-5602 Dave Workman 851-0110
R- Melissa Shank 874-3737 Melissa Shank 874-3737

## Lost River Dist

**Precint #5 L.R. Comm Ctr. (heish. Chap) 897-6630**
D-Henry Hodges 874-4491 Carolyn Funk 897-5050 Anita Rogers 897-5642
R- Ovid Need 897-5990 Bettie Need 897-5990

**Precint #6 Mathias/Baker Fire Hse./Mathias 897-5586**
D- Rose Pitcock 897-6704 Mary Basye 897-7802 Donna Combs 897-6206
R- Charlotte Jenkins 874-3634 Judy Fansler 897-5120

**Precint #7 Mathias Sch.Comm.Ctr. 897-5179**
D- Glennia Fansler,897-5861 Helen May,897-5595 Theda Baker 897-5205
R- Aleta J. Robinson,897-5268 Betty Fansler 897-5074

## Moorefield Dist.

**Precint #13 (A&B) Town Office/Old Fire Hall 538-6142**
D- Geraldine Hefner,538-6167 Lucille Thomas, 530-6686 Judy Patterson 538-3066
R- Angela Yoder 538-2004 Karen Helman 851-7716

**Precint #14 (A&B) Library 538-6560**
D- Phyllis Sherman, 538-6367 Bonnie Wilt, 538-2904 Linda Keller 434-2503
R-Linda Dick 874-4124 Sandra Kline 538-2638

## Old Fields Dist.

**Precint #12 (A&B) Courthouse 530-0250**
D- Patricia Williams 434-2775 Linda Sites 538-7042 Diana Sherman 530-2257
R- Elizabeth Mathias 538-34747 Paul King 538-7121

**Precint #16 Old Fields Baptist Ch. 538-6943**
D- Cheryl Harwood 257-0080 Linda Markwood 538-6747 Brenda Welton 538-7040
R- Pat Williams 538-2204 or 851-3410 Roger Kessel 538-6095

## South Fork Dist.

**Precint #18 Agric. Bld. 538-2397**
D- Gelia Ours, 538-7147 Ellen Harper, 538-2278 Connie Thomas 434-2755
R-Deborah Metheny 538-2936 Juanita See 538- 2440

**Precint #19 Rig Civ.Ctr 434-2731**
D- Jeremy Simmons 434-2176 Linda Kesner 434-2474 Stephanie Simmons 434-2176
R- Leroy Kessel 434-2275 Charlotte Ketterman 434-2495

**Precint #20 Peru Com. Ctr. 434-2478**
D- Richard Dasher,434-2351 Kathleen Dasher Janet Zirk 434-2331
R-Joan Posselt 434-2876 Phyllis Wolfe 434-2175

Exhibit "D"

ALTERNATES

**DEMOCRATS**
CAPON

MOOREFIELD
Carmen Silliman 530-2560
Brenda Yost 240-321-8191
OLD FIELDS
Tabitha Mongold --16
Dawn Markwood
Jeanette Gray 538-2996
Donna Myers ct hse or library

SOUTH FORK
Edgel Liller #20 only
Katherine Ours 538-7147 #18 Only
Kaleah Thomas 434-2755

LOST RIVER
Sherla Wilkins 897-6404
Brenda Whetzel

Angela See 257-6670 anywhere

MOOREFIELD
Ronnie Crites this side mtn

Gretta Lehman 257-0440

**REPUBLICANS**
Tona Bockting 897-6656 1,2,3,15

Richard Markley
Marcia Miller
William Markley
Norma Lyon 434-2795 13,14

Karen Helman 851-7716

Anywhere:

Aneita Shirk 538-2519
Eileen Mongold 703-2419

Phyllis Sirk 530-7866

Nichole Keller 530-7307

Roger Saville 434-2330

## OTHER BOARDS

### COUNTING BOARD (central)
D) Shirly Robinette 538-6030
R) Pamela Drake 897-5757
Belinda J. Gaynor 434-2610 Carmen Silliman
Jeanette Perry

### RESOLUTION BOARD
D) Amy Shockey 434-2442
R) Kathy King 538-7121

### ROVERS
D) Sandra Mathias LR 897-5896 5,6 &7
D) Neil Gillies Capon Dist 1,2,3 &15
N) Jessica Liller 20 Peru 434-2285
Andy Walters Rig, Ag Bld, old fields
Bonnie Walters Library, Town Office, ct house

### Early Vote

**(D) Stanley Johnson 530-2795 Cheryl Harwood. 257-0080 alternate**

**( R ) Toan Bockting 897-6656**

**Emergency Absentee**
**Gordon Raines 530-6155**
**Herman Wratchford 530-6704 (may substitute Stanley Johnson election day)**

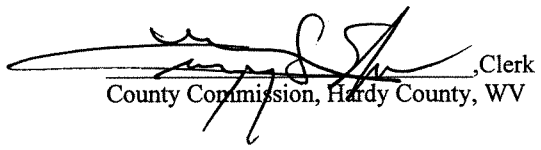
Exhibit D-1

State of West Virginia

Hardy County, to wit:

I, Gregory L. Ely, Clerk of the County Commission of Hardy County, West Virginia, do certify that the foregoing writing is a true and correct copy of The Poll Workers list for the Primary 2012 Election approved at the February 7, 2012 County Commission Meeting. The records are recorded in Police & Fiscal Book 21 Pages 284-285.

Given under my hand and seal of the Commission this 25th day of July, 2012.



,Clerk
County Commission, Hardy County, WV

STC 12:40 (01/02)

# CERTIFICATE OF VALUATION

**Hardy County Board of Education** (Levying Body)

**Hardy** (County)

TO: **Barbara Whitecotton, Superintendent**
(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for the assessment year **2012**

| | Column A<br>Assessed Value Including Back Tax And New Property (Total) | Column B<br>All Other Exempt Value (excluding P U) | Column C<br>Gross Assessed (Col A Plus Col B)<br>(County Classification Purposes Only) | Column D<br>Homestead Exempt Value | Column E<br>Assessed Valuation For Tax Purposes<br>(w/o Homestead & Exempt)<br>(Col A Minus Col D) |
|---|---|---|---|---|---|
| **Class I** | | | | | |
| Personal Property | 0 | 0 | 0 | | 0 |
| Public Utility Property | 0 | 0 | 0 | | 0 |
| **Total Class I** | 0 | 0 | 0 | | 0 |
| **Class II** | | | | | |
| Real Estate | 458,428,440 | 19,874,880 | 478,303,320 | 29,570,080 | 428,858,360 |
| Personal Property | 2,622,594 | 0 | 2,622,594 | 393,146 | 2,229,448 |
| **Total Class II** | 461,051,034 | 19,874,880 | 480,925,914 | 29,963,226 | 431,087,808 |
| **Class III** | | | | | |
| Real Estate | 90,080,290 | 59,296,130 | 149,376,420 | | 90,080,290 |
| Personal Property | 59,274,128 | 7,965,293 | 67,239,421 | | 59,274,128 |
| Public Utility Property | 154,267,716 | 0 | 154,267,716 | | 154,267,716 |
| **Total Class III** | 303,622,134 | 67,261,423 | 370,883,557 | | 303,622,134 |
| **Class IV** | | | | | |
| Real Estate | 49,345,410 | 15,084,410 | 64,429,820 | | 49,345,410 |
| Personal Property | 42,670,756 | 0 | 42,670,756 | | 42,670,756 |
| Public Utility Property | 5,823,028 | 0 | 5,823,028 | | 5,823,028 |
| **Total Class IV** | 97,839,194 | 15,084,410 | 112,923,604 | | 97,839,194 |
| TOTAL FOR LEVYING BODY | 862,512,362 | 102,220,713 | 964,733,075 | 29,963,226 | 832,549,136 |

Given under our hands this **23rd** day of **February**, **2012**

County Clerk

Assessor

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

When completed, submit original copy to the levying body, printed copy to the Department of Tax and Revenue, Property Tax Division, P.O. Box 2389, Charleston, WV 25328-2389, printed copy to the State Auditor's Office, Local Government Services Division, 200 W Main St, Clarksburg, WV 26301, and retain a printed copy for your office file. Only a printed copy of the Board of Education page should be forwarded to the State Department of Education.

Original signed copy - Levying Body
Photocopy - Tax Dept.
Photocopy - Auditor's Office
Photocopy - Retain
Photocopy - Board of Ed. Only - State Dept. of Education

ROLL BACK (REV 2002)

# ASSESSED VALUES FOR CALCULATING REDUCED (ROLLED BACK) LEVY RATES

**Hardy County Board of Education** (Levying Body) — **Hardy** (County)

TO: **Barbara Whitecotton, Superintendent**
(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County, do hereby certify the assessed value of the various classes of real estate, personal property and public utility property FOR THE CALCULATION OF THE REDUCED (ROLLED BACK) LEVY RATE for the assessment year **2012**

| | Column A<br>Assessed Valuation For Tax Purposes<br>(w/o Homestead & Exempt) | Column B<br>New Property and Back Tax Property<br>(Excluding TIF) | Column C<br>TIF Tax Incremental Financing Value | Column D<br>Assessed Valuation For Tax Purposes Minus New Property, Back Tax Property & TIF<br>(Col A Minus Col B and C |
|---|---|---|---|---|
| **Class I** | | | | |
| Personal Property | 0 | 0 | 0 | 0 |
| Public Utility Property | 0 | 0 | 0 | 0 |
| **Total Class I** | 0 | 0 | 0 | 0 |
| **Class II** | | | | |
| Real Estate | 428,858,360 | 3,975,120 | 0 | 424,883,240 |
| Personal Property | 2,229,448 | 0 | 0 | 2,229,448 |
| **Total Class II** | 431,087,808 | 3,975,120 | 0 | 427,112,688 |
| **Class III** | | | | |
| Real Estate | 90,080,290 | 629,340 | 0 | 89,450,950 |
| Personal Property | 59,274,128 | 0 | 0 | 59,274,128 |
| Public Utility Property | 154,267,716 | 0 | 0 | 154,267,716 |
| **Total Class III** | 303,622,134 | 629,340 | 0 | 302,992,794 |
| **Class IV** | | | | |
| Real Estate | 49,345,410 | 7,920 | 0 | 49,337,490 |
| Personal Property | 42,670,756 | 0 | | 42,670,756 |
| Public Utility Property | 5,823,028 | 0 | | 5,823,028 |
| **Total Class IV** | 97,839,194 | 7,920 | 0 | 97,831,274 |
| **TOTAL FOR LEVYING BODY** | 832,549,136 | 4,612,380 | 0 | 827,936,756 |

Given under our hands this **23rd** day of **February**, **2012**

County Clerk

Assessor

The valuations above do not include values attributable to back-tax property, homestead property, new construction and improvements or new personal property.

THE VALUATIONS ARE TO BE USED ONLY FOR THE CALCULATION OF A REDUCED LEVY RATE as required by W.Va. Code § 11-8-6e and 6f. This rate must be applied to the CERTIFICATE OF VALUATIONS (enclosed) for budgeting purposes. These values, like the Certificate of Valuation, are to be in the hands of the levying body not later than March 3.

Print on **BLUE** paper - Levying Body
Photocopy - Tax Dept.
Photocopy - Auditor's Office
Photocopy - Retain
Photocopy -
Board of Ed. Only - State Dept. of Education

When completed, submit blue copy to the levying body, photocopy to the Department of Tax and Revenue, Property Tax Division, P.O. Box 2389, Charleston, WV 25328-2389, photocopy to the State Auditor's Office, Local Government Services Division, 200 W Main St, Clarksburg, WV 26301, and retain a photocopy for your office file. Only a photocopy of the Board of Ed. page should be forwarded to the State Dept. of Education.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA
$21,545,000 Public School Bonds, Series 2012

CERTIFICATE OF BONDED INDEBTEDNESS

I, Barbara Whitecotton, Superintendent of Schools of the County of Hardy and Secretary of the Board of Education of said County, hereby certify that the Hardy County School District had no outstanding bonded indebtedness as of January 30, 2012, the date on which said Board entered an order submitting the question of issuance of $21,545,000 Public School Bonds to an election (which election was held on May 8, 2012, and resulted in approval by the voters of Hardy County School District of issuance of such Bonds).

The assessed valuation of taxable property in Hardy County School District at said date was $856,572,822 and five percent (5%) thereof is $42,828,641.10.

WITNESS my signature and the seal of said Board on this 25th day of October, 2012.

By: Barbara Whitecotton
Superintendent and Secretary of The Board of Education of Hardy County, West Virginia

CLOSING ITEM NO. 16

**$21,545,000**
**THE BOARD OF EDUCATION OF**
**THE COUNTY OF HARDY**
**[WEST VIRGINIA]**
**PUBLIC SCHOOL BONDS, SERIES 2012**

## PURCHASER'S CERTIFICATE

The undersigned, Crews & Associates, Inc., as purchaser (the "Purchaser") of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. At least 10% of the Bonds have been the subject of an initial offering and sale to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Official Form of Proposal dated October 11, 2012, by the Purchaser and accepted by the Board of Education of the County of Hardy, West Virginia (the "Issuer"), at prices no higher than or yields no lower than, those shown on the cover of the Official Statement, dated October 11, 2012, relating to the Bonds. We have made a bona fide public offering of all Bonds at the public offering price of ~~$21,545,000~~ $21,828,490.60

2. As calculated by us, the weighted average maturity of the Bonds is 10.070 years, the net cost of the Bonds is 2.308338 %, the yield on the Bonds is 2.28884 % and the issue price of the Bonds is $21,828,490.60.

3. This certificate may be relied upon by the Issuer with respect to the Tax and Non-Arbitrage Certificate relating to the Bonds and by Bowles Rice LLP in rendering its opinions with respect to the Bonds.

Dated as of October 25, 2012.

CREWS & ASSOCIATES, INC.

By: _____
John M. Compton, Sr.,
Vice President

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA
$21,545,000 PUBLIC SCHOOL BONDS, SERIES 2012

REGISTRAR AND AUTHENTICATING AGENT'S CERTIFICATE

The undersigned, Authorized Officer of United Bank, Inc., Charleston, West Virginia, (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds"):

The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated October 25, 2012, by and between The Board of Education of the County of Hardy (the "Issuer") and the Bank (the "Agreement").

The person whose title, name and signature is set forth below hold the position, by election or appointment by the Board of Directors of the Bank shown opposite to his/her respective name, and such person has been named and designated as authorized officer of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Agreement.

| Title | Name | Signature |
|---|---|---|
| Vice President | Kathy Smith | |

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

The undersigned has received on or prior to the date hereof a direction on behalf of the Issuer to authenticate and deliver the Bonds to Purchaser, as original purchase thereof.

The Bank has received from the Issuer on the date hereof the Bonds, in the respective numbers and denominations, maturing on June 1 of such years, and bearing interest at such rates, all as set forth in the Official Statement dated October 11, 2012, relating thereto. At the time of such receipt, each of the Bonds had been executed by the signature of the President and the seal of the Issuer had been impressed or affixed thereto and attested by the signature of the Attorney General of the State of West Virginia.

The Bank has duly authenticated the Bonds originally issued as of October 25, 2012, by manually executing on each of such Bonds a certificate in the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Imprinted on the reverse hereof is the complete text of the opinion of Bowles Rice LLP, Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

UNITED BANK, INC., as Registrar

By: _____
Kathy Smith
Its: Vice President

Dated: October 25, 2012

WITNESS MY SIGNATURE this the 25th day of October, 2012.

By: _____
Authorized Officer

$21,545,000
THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2012

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 July 16, 2012.

WITNESS my signature this 25th day of October, 2012.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

$21,545,000
THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
(WEST VIRGINIA)
Public School Bonds, Series 2012

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

The undersigned Margaret A. Shriver, hereby certifies and represents to Crews & Associates, Inc. (the "Original Purchaser"), that she is the duly elected and acting President of THE BOARD OF EDUCATION OF THE COUNTY OF HARDY (West Virginia) (the "Board"), authorized to execute and deliver this Certificate and further certifies on behalf of the Board to Piper Jaffray & Co. (the "Financial Advisor") as follows:

(1) This Certificate is delivered to enable the Financial Advisor and the Original Purchaser to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the issuance of The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 (the "Bonds").

(2) In connection with the issuance of the Bonds, there has been prepared a Preliminary Official Statement, dated September 26, 2012, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

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

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

(5) If, at any time prior to the award of Bonds, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Board shall promptly notify the Financial Advisor and Original Purchaser thereof.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of this 25th day of October, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

By: Margaret A. Shreve
Its: President

[Signature Page to Rule 15c2-12 Certificate - Hardy County]

101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

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333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

October 25, 2012

The Board of Education of the County of Hardy
Moorefield, West Virginia

Re: $21,545,000 The Board of Education of Hardy County
[West Virginia] Public School Bonds, Series 2012

Dear Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of $21,545,000 Public School Bonds, Series 2012 (the "Bonds"), of Hardy County School District, by and through The Board of Education of the County of Hardy (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated October 25, 2012, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2013, at the rates set forth in the Official Statement of the Issuer, dated October 11, 2012.

The Bonds were authorized at the primary election held in the Hardy County School District on May 8, 2012, and by a Resolution and Order adopted by the Issuer on January 30, 2012, as supplemented (such Resolution and Order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation, repair and equipping of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Hardy County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution, a Tax and Arbitrage Certificate of the Issuer dated the date hereof (the "Tax Certificate") and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representatives, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authorized.

Very truly yours,

Bowles Rice LLP

600 Quarrier Street
Charleston, West Virginia 25301

101 South Queen Street
Martinsburg, West Virginia 25401

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

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Winchester, Virginia 22601

October 25, 2012

The Board of Education of the County of Hardy
Moorefield, West Virginia

Re: $21,545,000 The Board of Education of Hardy County [West Virginia]
Public School Bonds, Series 2012

Dear Ladies and Gentlemen:

We are Special Counsel to the Board of Education of the County of Hardy, West Virginia (the "Board") with respect to the issuance and sale of its $21,545,000 Public School Bonds, Series 2012 (the "Bonds").

We have reviewed copies of the approving opinion of Bowles Rice LLP, Charleston, West Virginia, as Bond Counsel, and the Resolution and Order (the "Resolution") relating to the Bonds and such other documents and certificates we deem relevant or necessary for purposes of rendering the opinions herein. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in said opinion and Resolution.

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

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

2. The Bonds have been duly authorized, executed and delivered by, and the Resolution has been duly adopted by, and each constitutes a legal, valid and binding agreement and obligation of the Board, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights from time to time in effect and except that no opinion is expressed as to the enforceability of Section 3 of the Registrar's Agreement insofar as the provisions thereof require the Board to indemnify and hold harmless the Paying Agent in certain circumstances.

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

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

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

6. No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to our knowledge, threatened in any way questioning or affecting the existence of the Board, or the titles of the officers and members of the Board to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the collection or application of the ad valorem taxes of Hardy County, West Virginia and any other assets pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or any action of the Board, contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or contesting the powers or authority of the Board, with respect to the issuance, sale or delivery of the Bonds, the adoption of

the Resolution, or the execution and delivery of the Bonds, or any action on the part of the Board, which would adversely affect the exemption of interest to be paid on the Bonds from federal income taxation, nor to our knowledge is there any basis therefor.

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

Very truly yours,

Bowles Rice LLP

CERTIFICATION

I, Barbara Whitecotton, Superintendent and Secretary of the Board of Education of the County of Hardy, 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 Hardy Directing an Election to be Held, adopted on the 30th day of January, 2012.

Dated this 25th day of October, 2012.

Barbara Whitecotton,
Superintendent and Secretary

**Hardy County Schools**
**Special School Board Meeting**
**Hardy County Board of Education Office**
**January 30, 2012**

**Members Present:**

Margaret Shriver, President
Loy Kesner, Vice President
Nancy Hahn
Dixie Bean – Absent
Rodney Barr

**Administrators Present:**

Barbara Whitecotton, Superintendent
Kathy Hardy, Associate Superintendent

**Others Present:**

Brad Simmons
Steve Williams
Jean Flanagan
Veeta Burgess
Brenda Smith
Marie Prezioso
Edward McDevitt

## I. Call to Order – President

A. Margaret Shriver, President, called the meeting to order at 6:37 p.m.
B. Rodney Barr opened the meeting with prayer.
C. Nancy Hahn led the group in the Pledge of Allegiance.
D. Introductions were made around the room.
E. Approval of Agenda

A motion was made by Loy Kesner, seconded by Nancy Hahn, to approve the agenda.

4-0 motion carried

## II. New Business

A. Approval of Bond Call

On the motion of Loy Kesner, seconded by Rodney Barr, the Board approved, as amended, a Bond Call for $21,545,000.00, which is fifty percent of the estimated budget for the East Hardy High School and Moorefield High School building projects.

4-0 motion carried

## III. Adjournment

On the motion of Nancy Hahn, seconded by Rodney Barr, the meeting adjourned at 7:07 p.m.

4-0 motion carried

Margaret Shriver

**Margaret Shriver, President**

Barbara Whitecotton

**Barbara Whitecotton, Secretary**

**EXECUTION COPY**

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF HARDY DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF HARDY COUNTY
SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED
TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS
($21,545,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF HARDY: It appears to the Board of Education of the County of Hardy (hereinafter called "the Board") from the experience of the Board in operating the schools in the Hardy 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 Forty-Three Million Ninety Thousand Dollars ($43,090,000) for such purposes, including the proceeds of the sale of the Bonds in the amount not to exceed TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000) all for the general purpose of providing adequate, safe and convenient educational facilities for the School District. The issuance of the Bonds by the School District, following approval by the voters of the School District, is expressly conditioned upon the receipt by the School District of one or more grants from the West Virginia School Building Authority and/or other sources in an amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000)

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 $856,572,822 and valuation of each class of property within the School District is as follows:

| | |
|---|---|
| Class I | $0 |
| Class II | 434,809,526 |
| Class III | 321,568,213 |
| Class IV | 100,195,083 |
| Total | $856,572,822 |

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 $42,828,641. Accordingly, additional Bonds in the amount of $21,545,000 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 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 $21,545,000 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 primary election to be held on the 8th day of May 2012, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Hardy County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Hardy 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 six and 50/100 percent (6.50%) 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 eighteen and one-half (18 1/2) years from the date thereof.

9. The Bonds shall be issued only in book entry or registered form as to principal and interest in compliance with the United States Internal Revenue Code sections 103 and 149 (26 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 projects for which the proceeds of the Bonds, if authorized by the voters, are to be expended are as follows:

| **PROJECT** | **LOCATION** | **ESTIMATED COST** |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | | |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090.000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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, interest during the construction of the Projects, 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 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 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 | 8.72 | cents |
| Upon Class II Property approximately | 17.44 | cents |
| Upon Class III Property approximately | 34.88 | cents |
| Upon Class IV Property approximately | 34.88 | 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 HARDY 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 Hardy County at the primary election to be held on May 8, 2012, of the question of whether the Board should incur debt and issue Bonds in an amount not to exceed $21,545,000 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 Moorefield Examiner* which is a newspaper of general circulation in the School District.

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

OFFICIAL BALLOT
HARDY COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
May 8, 2012

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090,000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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, interest during the construction of the Projects, 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 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 Hardy County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. The amount of the Bond issue reflects the expectation that the School District having received one or more grants from the West Virginia School Building Authority and/or other sources in an amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) for use on the renovations and improvements at Moorefield High School and for construction and equipping of the East Hardy High School, the receipt of which sum is a condition precedent to the resource of the Bonds. In the event the Hardy 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".

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 Hardy, 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 Hardy County as the official registration list of the School District for this election.

Adopted on the 30th day of January 2012.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: _____
President

By: _____
Member

By: _____
Member

By: _____
Member

By: _____
Member

ATTEST:

_____
Secretary

Given under my hand this 30th day of January 2012.

_____
Secretary of the Board of Education of the County of Hardy

CERTIFICATION

I, Barbara Whitecotton, Superintendent and Secretary of the Board of Education of the County of Hardy, 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 Hardy Directing Issuance of the Bonds, adopted on the 16th day of July, 2012.

Dated this 25th day of October, 2012.

Barbara Whitecotton,
Superintendent and Secretary

**Hardy County Schools**
**Regular Board Meeting**
**Hardy County Board of Education Office**
**July 16, 2012**

**Members Present:**

Margaret Shriver, President
Loy Kesner, Vice President – Arrived at 6:07 p.m.
Nancy Hahn
Dixie Bean – Absent
Rodney Barr

**Administrators Present:**

Barbara Whitecotton, Superintendent
Kathy Hardy, Associate Superintendent

**Others Present:**

Jean Flanagan
Sheila Pence
Clay Sayres
Mitchel Keller
Joan Sayres
Diane K. Tusing
Greg Greenwalt

**Public Comments:**

## I. Call to Order – President

A. Margaret Shriver, President, called the meeting to order at 6:00 p.m.
B. Rodney Barr opened the meeting with prayer.
C. Nancy Hahn led the group in the Pledge of Allegiance.
D. Introductions were made around the room.
E. Approval of Agenda

On the motion of Nancy Hahn, seconded by Rodney Barr, the Board approved the agenda.

3-0 motion carried

## II. Presentation

A. Special Education Report – Diane Tusing

Diane Tusing, Director of Special Education, presented a report of services provided to students with disabilities in Hardy County. The graduation rate for students with disabilities at EHHS is 62.5% with MHS at 60%. The drop-out rate for these students for the county is 3.1%, which is a decrease from previous years. Students with disabilities also did not make AYP relative to WESTEST 2 data. Overall, the special education program was in compliance relative to state and federal regulations.

Loy Kesner arrived at 6:07 p.m.

## III. Consent Items

A. Board Minutes – July 16, 2012
B. Bank Reconciliation – June 30, 2012
C. Treasurer's Report – June 30, 2012
D. Cash and Investment Ledger – June 30, 2012
E. Check Register
F. Invoices to be Approved

On the motion of Rodney Barr, seconded by Nancy Hahn, the Board approved consent items.

4-0 motion carried

## IV. Unfinished Business

A. EHHS/MHS Building Projects

The architects are working with the staff and administration of both high schools to ensure that all rooms are included in the development of the final blueprints. The facilities meetings will be held every two weeks until the plans are developed and possibly throughout the projects.

## V. New Business

A. Contracts and Agreements with Eastern West Virginia Community and Technical College

On the motion of Loy Kesner, seconded by Rodney Barr, the Board approved the contract and agreement with Eastern West Virginia Community and Technical College.

4-0 motion carried

B. Resolution to Authorize the Issuing of Bonds

On the motion of Nancy Hahn, seconded by Rodney Barr, the Board approved the resolution to authorize the issuing of bonds for the Hardy County Board of Education for the purpose of providing funds for making certain improvements in Hardy County Schools.

4-0 motion carried

C. Use of Science/Shop Area at Moorefield High School

The Board discussed the future use of the science and Vo-Ag/Shop areas at MHS. The Board would like to use the Vo-Ag/Shop area and band area for possible athletic facilities. The science rooms would be torn down. Future discussion will be held with the architects before a decision will be made.

D. In County/Out of County Transfers

No requests

On the motion of Loy Kesner, seconded by Nancy Hahn, the Board went into Executive Session at 7:16 p.m. to discuss a student transfer appeal. Policy BDE, Item 2, Authorization A.

4-0 motion carried

The Board reconvened into regular session at 7:50 p.m.

## VI. Public Comments

No public comment

## VII. Concerns

A. Updates
B. New Concerns

## VIII. Future Agenda Items

- Construction Manager Interviews

## IX. Announcements

- July 30, 2012 – Special Hardy County Board of Education Meeting – BOE – 6:00 p.m.
- August 13, 2012 – Teachers Report to School
- August 16, 2012 – Students Report to School
- Opening Day Activities

## X. Mission Statements/Accomplishments

- Nancy Hahn congratulated Cody Funkhouser, State FFA Vice President, for a successful year. Mrs. Hahn also commended the Hardy County FFA programs for their work with students.

- Rodney Barr commended Diane Tusing for the good job she is doing with the Special Education Program.

- Loy Kesner commended and thanked the custodians for their summer work.

- Barbara Whitecotton commended the FFA advisors for the development of leadership skills in our students.

- Margaret Shriver recognized and commended Superintendent Whitecotton for receiving an Honorary State FFA degree.

- Kathy Hardy commended Katie McCausley for winning first place at the AgriScience Fair. Mrs. Hardy also commended Michelle Holstein, Jody Shewbridge, Janet Sisler, Bonnie Rogers, and Wade Armentrout for helping set up county procedures for SPL.

## XI. Personnel

On the motion of Loy Kesner, seconded by Rodney Barr, the Board approved the following:

Approved Professional Hirings:

- Michelle L. Wolfe: English/Language Arts Teacher, Grades 9-12, EHHS, 2012-2013 school year
- Penelope E. Jones: Biological Science/Physical Science/General Science Teacher, Grades 9-12, EHHS, 2012-2013 school year, pending background check
- Lance A. Moran: Principal, 225 days, EHEMS, effective July 17, 2012, pending background check
- Dennis S. Brill: Substitute Teacher, 2012-2013 school year
- Carol S. Miller: Substitute Teacher, 2012-2013 school year

Approved Service Personnel Hirings:

- Joseph L. Delawder: Bus Operator, Pendleton County Line down South Fork to Backwoods Lane and Malcolm Grocery with minor extensions bus route, 2012-2013 school year
-

Approved Coaches/Athletic Hirings:

- Morgan H. See: Volleyball Coach, MHS, 2012-2013 school year
- Brian Wilson: Team Coaching Assistant, Football, MHS, 2012-2013 school year, pending certification
- Tracey S. Miller: Team Coaching Assistant, Football, EHEMS, 2012-2013 school year, pending certification
- Jennifer M. Mathias: Team Coaching Assistant, Volleyball, EHEMS, 2012-2013 school year

Approved Volunteers:

- Wanda L. Shockey: Volunteer, MHS, 2012-2013 school year
- Mary J. Johnston: Volunteer, MES, 2012-2013 school year
- Dawnell C. Leininger: Volunteer, MES, 2012-2013 school year
- Gale L. Wichael: Volunteer, MES, 2012-2013 school year

Approved Resignations:

- Daniel Aylor: Bus Operator, resignation due to retirement, effective August 14, 2012
- Robin M. Williams: Cheerleading Coach, MMS, effective immediately

Approved Postings:

- Pre-School Special Needs Teacher, ½ time position, Countywide
- Assistant Superintendent for Human Resources and Instructional Programs

4-0 motion carried

On the motion of Nancy Hahn, seconded by Rodney Barr, the Board approved the following:

Approved Professional Hiring:

- Kathy S. Hardy: Critical Skills Interventionist, Grade 3, MIS/EHEMS, 2012-2013 school year

3-0 motion carried
1 abstain

On the motion of Nancy Hahn, seconded by Loy Kesner, the Board went into Executive Session at 8:40 p.m. Policy BDE, Item 2, Authorization A.

4-0 motion carried

The Board reconvened into regular session at 8:45 p.m.

On the motion of Loy Kesner, seconded by Nancy Hahn, the Board approved the following:

Approved Athletic Hiring:

- Kimberly A. Evans: Athletic Trainer, MHS, 2012-2013 school year, pending background check and certification

4-0 motion carried

## XII. Adjournment

On the motion of Loy Kesner, seconded by Rodney Barr, the meeting adjourned at 9:25 p.m.

4-0 motion carried

**Margaret Shriver, President**

**Barbara Whitecotton, Secretary**

**Hardy County Schools**
**Executive Session**
**July 16, 2012**

**Members Present:**

Margaret Shriver, President
Loy Kesner, Vice President – Arrived at 6:07 p.m.
Nancy Hahn
Dixie Bean – Absent
Rodney Barr

**Others Present:**

Barbara Whitecotton, Superintendent
Kathy Hardy, Associate Superintendent

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Margaret Shriver

**Margaret Shriver, President**

Barbara Whitecotton

**Barbara Whitecotton, Secretary**

**Hardy County Schools**
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Margaret Shriver

**Margaret Shriver, President**

Barbara Whitecotton

**Barbara Whitecotton, Secretary**

**EXECUTION COPY**

# HARDY COUNTY BOARD OF EDUCATION
## RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, the Board of Education of the County of Hardy (the "Issuer"), has heretofore, on the 30th day of January 2012, made and entered of record an order upon the question of authorizing bonds in the amount of Twenty One Million Five Hundred Forty-five Thousand Dollars ($21,545,000) to be issued and sold for the purpose of providing funds for making certain improvements in Hardy County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 8th day of May 2012, 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 Hardy County, sitting as The Board of Canvassers of the County of Hardy, on the 16th day of May 2012 was 1,998 votes for and 1,573 votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, fifty-six percent (56%) 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 HARDY AS FOLLOWS:

1. Bonds in the aggregate principal amount of $21,545,000 (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 therefore 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 six and fifty hundredths percent (6.50%) per annum, payable semiannually, on June and December 1, commencing June 1, 2013, 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 $1,055,000 due and payable June 1, 2013;

   Bonds in the amount of $830,000 due and payable June 1, 2014;

Bonds in the amount of $865,000 due and payable June 1, 2015;

Bonds in the amount of $905,000 due and payable June 1, 2016;

Bonds in the amount of $945,000 due and payable June 1, 2017;

Bonds in the amount of $990,000 due and payable June 1, 2018;

Bonds in the amount of $1,030,000 due and payable June 1, 2019;

Bonds in the amount of $1,080,000 due and payable June 1, 2020;

Bonds in the amount of $1,125,000 due and payable June 1, 2021;

Bonds in the amount of $1,180,000 due and payable June 1, 2022;

Bonds in the amount of $1,230,00 due and payable June 1, 2023;

Bonds in the amount of $1,285,000 due and payable June 1, 2024;

Bonds in the amount of $1,345,000 due and payable June 1, 2025;

Bonds in the amount of $1,405,000 due and payable June 1, 2026;

Bonds in the amount of $1,465,000 due and payable June 1, 2027;

Bonds in the amount of $1,535,000 due and payable June 1, 2028;

Bonds in the amount of $1,600,000 due and payable June 1, 2029;

Bonds in the amount of $1,675,000 due and payable June 1, 2030;

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

4. In the event that bids received for the Bonds provide for a "premium" and the Issuer's Financial Adviser advises that such bid provides for the lowest cost to the Issuer, to the fullest extent permitted by West Virginia law, the Issuer with the advice of the Financial Adviser may adjust the schedule of maturities aforesaid.

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

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

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

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

5. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the Office of the West Virginia Municipal Bond Commission (the "Paying Agent"), as agent for 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.

6. 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 eighteen and one-half (18 ½) years, or 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.

7. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) 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.

8. 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."

9. Each Bond shall be signed by and on behalf of the Issuer by the President of the Board 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 B", shall have been manually executed by the duly appointed registrar for the Bonds (the "Registrar").

10. 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.

11. 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.

12. 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.

13. 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 Non-purpose Investments) to persons other than state or local government units.

14. The Issuer shall not take any action or permit or suffer any action to be taken, 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.

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

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

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

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

19. All officers, members and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause valid Bonds to be issued as authorized by the voters of the District at the primary election held on the 8th day of May 2012, 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 16th day of July 2012.

[Remainder of Page Intentionally Left Blank.]

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

[SEAL]

Margaret S Shriver
President

ATTEST:

Barbara Whitecotton
Secretary

[Signature Page to Resolution and Order - Hardy County]

EXHIBIT "A"

FORM OF A BOND

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

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
PUBLIC SCHOOL BONDS, SERIES 2011
(WEST VIRGINIA)

| NO. R-_ | MATURITY DATE | BOND DATE | $___,___ |
|---|---|---|---|
| | June 1, ____ | _____ __, 2013 | |
| INTEREST RATE | | | CUSIP |
| _.__% | | | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Bond Act"), both the principal and

interest are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as the paying agent (the "Paying Agent"). [_____], [_____], West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the [_____] in [_____], West Virginia; and interest on this Bond is payable by check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

The Bonds maturing on or after June 1, 20___, are subject to redemption on or after June 1, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price of ____% of principal amount to be so redeemed, plus interest, if any, accrued to the date fixed for redemption.

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

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

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

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

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

The Board and the Registrar shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

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

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

This Bond shall not be entitled to any benefit under the Resolution and Order nor shall it be valid, obligatory or enforceable for any purpose until the Certificate of Authentication and Registration shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

(SEAL)

_____
President

_____
Secretary

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ __, 2012.

[_____]
As Registrar

By: _____
Vice President and Trust Officer

## FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 2012" (the "Bonds"), issued by the Board in the aggregate principal amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000). The Bonds were authorized to be issued by a majority of voters at a primary election held on May 8, 2012. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, renovation and other capital expenditures of five (5) projects as permitted by law, with all necessary appurtenances, situated in Hardy County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

## ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

Dated: _____.

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

## ATTORNEY GENERAL'S APPROVAL

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

WITNESS my hand this the ____ day of _____ 2012.

_____

Attorney General of the State of West Virginia

EXHIBIT "B"

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ ____, 2012

[_____], As Registrar

By: _____
[Vice President and Trust Officer]

***Hardy County Clerk***
Gregory L. Ely
204 Washington St. Rm 111
Moorefield WV 26836
Tele: (304) 530-0250
Fax: (304) 530-0251

July 25, 2012

State of West Virginia
Hardy County, to wit:

I, Gregory L. Ely, Clerk of the Hardy County Commission, do hereby certify that: The attached 7 pages, numbered 1 thru 7, are copies of the Official Ballot for the Primary Election dated May 08th, 2012, for the Republican, Democrat and Non-Partisan Parties, that the same exclude the "ballot stubs with numbers".

Dated this 25th Day of July, 2012.

Gregory L. Ely
Hardy County Clerk
hdyclerk@court.state.wv.us

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OFFICIAL BALLOT OF THE REPUBLICAN PARTY

A HARDY COUNTY, WV | B PRIMARY ELECTION | C MAY 8, 2012

# OFFICIAL BALLOT
## INSTRUCTIONS TO VOTER

1. To vote you must darken the oval (⬭) completely next to the candidate or issue of your choice.

## NATIONAL TICKET

### FOR PRESIDENT
(Vote For ONE)

- ⬭ CHARLES "Buddy" ROEMER — Baton Rouge, LA
- ⬭ RICK SANTORUM — Great Falls, VA
- ⬭ MITT ROMNEY — Belmont, MA
- ⬭ RON PAUL — Lake Jackson, TX
- ⬭ NEWT GINGRICH — McLean, VA

### FOR U.S. SENATOR
(Vote For ONE)

- ⬭ JOHN R. RAESE — Morgantown — Monongalia Co.

### FOR U.S. HOUSE OF REPRESENTATIVES
2nd Congressional District
(Vote For ONE)

- ⬭ SHELLEY MOORE CAPITO — Charleston — Kanawha Co.
- ⬭ JONATHAN MILLER — Inwood — Berkeley Co.
- ⬭ MICHAEL DAVIS — Elkins — Randolph Co.

## STATE TICKET

### FOR GOVERNOR
(Vote For ONE)

- ⬭ BILL MALONEY — Morgantown — Monongalia Co.
- ⬭ RALPH WILLIAM CLARK — Morgantown — Monongalia Co.

### FOR SECRETARY OF STATE
(Vote For ONE)

- ⬭ BRIAN SAVILLA — Southside — Mason Co.

### FOR AUDITOR
(Vote For ONE)

- ⬭ LARRY V. FAIRCLOTH — Martinsburg — Berkeley Co.

### FOR TREASURER
(Vote For ONE)

- ⬭ MIKE HALL — Hurricane — Putnam Co.
- ⬭ STEPHEN R. "Steve" CONNOLLY — Hurricane — Putnam Co.

### FOR COMMISSIONER OF AGRICULTURE
(Vote For ONE)

NO CANDIDATE(S) FILED

## STATE TICKET

### FOR ATTORNEY GENERAL
(Vote For ONE)

- ⬭ PATRICK MORRISEY — Harpers Ferry — Jefferson Co.

### FOR JUSTICE OF THE SUPREME COURT OF APPEALS
(Vote For Not More Than TWO)

- ⬭ ALLEN LOUGHRY — Charleston — Kanawha Co.
- ⬭ JOHN YODER — Harpers Ferry — Jefferson Co.

### FOR STATE SENATOR
14th Senatorial District
(Vote For ONE)

NO CANDIDATE(S) FILED

### FOR MEMBER OF HOUSE OF DELEGATES
55th Delegate District
(Vote For ONE)

- ⬭ STEPHEN G. SMITH — Old Fields — Hardy Co.

## COUNTY TICKET

### FOR COUNTY COMMISSIONER
(Vote For ONE)
Not more than one resident of any magisterial district may be elected.

- ⬭ HUNTER WILLIAMS — Fisher — South Fork Dist.

### FOR PROSECUTING ATTORNEY
(Vote For ONE)

NO CANDIDATE(S) FILED

### FOR SHERIFF
(Vote For ONE)

NO CANDIDATE(S) FILED

### FOR ASSESSOR
(Vote For ONE)

NO CANDIDATE(S) FILED

### FOR MAGISTRATE
(Vote For Not More Than TWO)

- ⬭ CRAIG A. HOSE — Moorefield

NO CANDIDATE(S) FILED

### FOR SURVEYOR
(Vote For ONE)

NO CANDIDATE(S) FILED

**VOTE BOTH SIDES**

A | B | C Seq:0005

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# OFFICIAL BALLOT OF THE REPUBLICAN PARTY

D | HARDY COUNTY, WV

## NATIONAL CONVENTION

**FOR DELEGATE TO THE NATIONAL CONVENTION - AT LARGE**
(Vote For Not More Than NINETEEN)

- DANIEL C. AMRINE, Fairmont, Marion (Romney)
- RACHEL AMRINE, Fairmont, Marion (Romney)
- BOB ASHLEY, Spencer, Roane (Romney)
- RICK BARNETT, St. Albans, Kanawha (Romney)
- DONNA J. BOLEY, St. Marys, Pleasants (Romney)
- MARK W. BROWNING, So. Charleston, Kanawha (Romney)
- MICHAEL D. GREER, Bridgeport, Harrison (Romney)
- TODD GUNTER, Charleston, Kanawha (Romney)
- BONNIE HERSMAN, Buckhannon, Lewis (Romney)
- JAMES C. KLINE III, Charleston, Kanawha (Romney)
- BRIAN S. LONG, Glen Dale, Marshall (Romney)
- JERRY MAYS, Martinsburg, Berkeley (Romney)
- W. DAVID McILVAIN, Huntington, Cabell (Romney)
- ANDY McKENZIE, Wheeling, Ohio (Romney)
- PAMELA D. McPEAK, Union, Monroe (Romney)
- TOM O'NEILL, Buckhannon, Upshur (Romney)
- BILL PHILLIPS, Elkins, Randolph (Romney)
- JESSIE CHRISTIE POE, Grafton, Taylor (Romney)
- ROBERT POE, Grafton, Taylor (Romney)
- LISA C. RAMEY, Harts, Lincoln (Romney)
- MARK A. SORSAIA, Hurricane, Putnam (Romney)
- ROMAN STAUFFER, Charleston, Kanawha (Romney)
- DALLAS K. THACKER, Huntington, Wayne (Romney)
- MICHELLE WILSHERE, Dunbar, Kanawha (Romney)
- DUANE H. ZOBRIST, Lewisburg, Greenbrier (Romney)
- CINDY FRICH, Morgantown, Monongalia (Santorum)
- DONNA L. HOLSTINE, Charleston, Kanawha (Santorum)
- KRIS WARNER, Morgantown, Monongalia (Santorum)
- ALLISON ADAMS, Kearneysville, Jefferson (Gingrich)
- BOB ADAMS, Kearneysville, Jefferson (Gingrich)
- GARRY P. ADKINS, Kenova, Wayne (Gingrich)
- ZACKERY E. ASBURY, Davin, Logan (Gingrich)
- JUDIE L. BROWN, Weston, Lewis (Gingrich)
- DENNIS W CARPENTER, Spencer, Roane (Gingrich)
- MIK CARPENTER, Spencer, Roane (Gingrich)
- JENNY L. DINSMORE, Morgantown, Monongalia (Gingrich)
- STEFANIE P. HINES, Morgantown, Monongalia (Gingrich)
- DAVID L. HUFFMAN, Waverly, Wood (Gingrich)
- GEORGE W. JOHNSON, High View, Hampshire (Gingrich)
- HOLLY McCARTHY JOHNSON, High View, Hampshire (Gingrich)
- FRED H. JOSEPH, Charleston, Kanawha (Gingrich)
- THORNEY LIEBERMAN, Charleston, Kanawha (Gingrich)

*(Continued on the Following Column)*

D

E | PRIMARY ELECTION

*(Delegates Continued)*

- MICHAEL F. McCLUNG, Lewisburg, Greenbrier (Gingrich)
- BOB MURTO, Harpers Ferry, Jefferson (Gingrich)
- KEVIN L. NOE, Huntington, Cabell (Gingrich)
- JOHN OVERINGTON, Martinsburg, Berkeley (Gingrich)
- SANDY STAATS, Parkersburg, Wood (Gingrich)
- CHAD STORY, Mallory, Logan (Gingrich)
- KATRINA STUART, So. Charleston, Kanawha (Gingrich)
- ED WASKE, Bridgeport, Harrison (Gingrich)
- PAT WASKE, Bridgeport, Harrison (Gingrich)
- DARRELL JUSTIN BLACK, Milton, Mason (Paul)
- LUCAS BOLYARD, Clarksburg, Harrsison (Paul)
- SALA CHAPMAN, Berkeley Springs, Morgan (Paul)
- WENDI FARMER, Scott Depot, Putnam (Paul)
- LEVI GRANDT, West Union, Doddridge (Paul)
- JESSICA MYERS HAYES, Falling Waters, Berkeley (Paul)
- LAURA HAYES-SHIFFLETT, Martinsburg, Berkeley (Paul)
- FRED HINDS, Charleston, Kanawha (Paul)
- MONIQUE HINDS, Charleston, Kanawha (Paul)
- MICHAEL IHLE, Ravenswood, Jackson (Paul)
- STACEY LANDRUM, Charleston, Kanawha (Paul)
- CHRIS LONG, Charleston, Kanawha (Paul)
- DUANE E. MADDY, Dunbar, Kanawha (Paul)
- BENJAMIN MANN, Charleston, Kanawha (Paul)
- DAVE NOLD, Martinsburg, Berkeley (Paul)
- CHARLES PECK, Lost Creek, Harrison (Paul)
- BILL TALKINGTON, Morgantown, Monongalia (Paul)
- TERESA WALLS, St. Albans, Kanawha (Paul)
- SHAWN WEAVER, New Haven, Mason (Paul)
- STEPHANIE ABRAMOWITZ, Charleston, Kanawha (Uncomm.)
- ANGELA D. ADAMS, Elizabeth, Wirt (Uncomm.)
- NORA ANKROM, Huntington, Cabell (Uncomm.)
- TIM ARMSTEAD, Elkview, Kanawha (Uncomm.)
- JOHN BAHNSEN, New Cumberland, Hancock (Uncomm.)
- PEGGY MILLER BAHNSEN, New Cumberland, Hancock (Uncomm.)
- RONALD "Ronnie" BELL, Charles Town, Jefferson (Uncomm.)
- ERNEST BENNETT, Weston, Lewis (Uncomm.)
- CRAIG P. BLAIR, Martinsburg, Berkeley (Uncomm.)
- LAKIN BOARD, Spencer, Roane (Uncomm.)
- EDWARD R. BURGESS, St. Albans, Kanawha (Uncomm.)
- BRIAN CASTO, Sissonville, Kanawha (Uncomm.)
- JOEL DAVIS III, Paden City, Wetzel (Uncomm.)
- GARY D. DICKENS, So. Charleston, Kanawha (Uncomm.)
- ANNE DUNGAN, Harpers Ferry, Jefferson (Uncomm.)
- GARY DUNGAN, Harpers Ferry, Jefferson (Uncomm.)
- ELIZABETH B. ELMORE, So. Charleston, Kanawha (Uncomm.)

*(Continued on the Following Column)*

E

F | MAY 8, 2012

*(Delegates Continued)*

- ELIZABETH "Betsy" GERBER, Huntington, Cabell (Uncomm.)
- STEVE HARRISON, Cross Lanes, Kanawha (Uncomm.)
- JOHN HARTSOCH, Bridgeport, Taylor (Uncomm.)
- GARY G. HOWELL, Keyser, Mineral (Uncomm.)
- SAVANNAH A HUDSON, Charles Town, Jefferson (Uncomm.)
- BETTY IRELAND, Charleston, Kanawha (Uncomm.)
- JEAN K. JACOBS, Shepherdstown, Jefferson (Uncomm.)
- LAURA KENNEDY, Clarksburg, Harrsison (Uncomm.)
- RYAN KENNEDY, Clarksburg, Harrsison (Uncomm.)
- PAMELA KRUSHANSKY, Westover, Monongalia (Uncomm.)
- PATRICK LANE, Cross Lanes, Kanawha (Uncomm.)
- KEVIN MACE, Vienna, Wood (Uncomm.)
- BILL MALONEY, Morgantown, Monongalia (Uncomm.)
- SHARON MALONEY, Morgantown, Monongalia (Uncomm.)
- MARSHALL G MANN, Princeton, Mercer (Uncomm.)
- DOUG McKINNEY, Bridgeport, Harrison (Uncomm.)
- SUE McKINNEY, Bridgeport, Harrison (Uncomm.)
- MICHEL G. MOFFATT, Hurricane, Putnam (Uncomm.)
- PATRICK MORRISEY, Harpers Ferry, Jefferson (Uncomm.)
- ERIC NELSON, Charleston, Kanawha (Uncomm.)
- PATRICIA RUCKER, Harpers Ferry, Jefferson (Uncomm.)
- JIM RULAND, Harpers Ferry, Jefferson (Uncomm.)
- T-ANNE SEE, Barboursville, Cabell (Uncomm.)
- DIANE SHAFER, Williamson, Mingo (Uncomm.)
- MIKE STUART, So. Charleston, Kanawha (Uncomm.)

***For election in accordance with the plan adopted by the party and filed with the Secretary of State.***

**VOTE BOTH SIDES**

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Page 2 Board

# OFFICIAL BALLOT OF THE REPUBLICAN PARTY

A HARDY COUNTY, WV | B PRIMARY ELECTION | C MAY 8, 2012

## NATIONAL CONVENTION

### FOR DELEGATE TO THE NATIONAL CONVENTION
2nd Congressional District
(Vote For Not More Than THREE)

- STEPHANIE BUTCHER — Leon, Putnam (Paul)
- KYLE LONG — Cross Lanes, Kanawha (Paul)
- MEREDITH LONG — Cross Lanes, Kanawha (Paul)
- JOHN COBB — Ireland, Lewis (Romney)
- BRAD CROUSER — Charleston, Kanawha (Romney)
- CHRIS DODRILL — Charleston, Kanawha (Romney)
- PRISCILLA M. HADEN — Charleston, Kanawha (Romney)
- JOE HARPER — Seneca Rocks, Pendleton (Romney)
- CHARLOTTE R. LANE — Charleston, Kanawha (Romney)
- ELDON R. LARSEN — Charleston, Kanawha (Romney)
- BARBARA TYRE — Elkins, Randolph (Romney)
- DAVID ABRAMOWITZ — Charleston, Kanawha (Uncomm.)
- CLARK BARNES — Beverly, Randolph (Uncomm.)
- STEPHEN R. "Steve" CONNOLLY — Hurricane, Putnam (Uncomm.)
- DARYL E. COWLES — Berkeley Springs, Morgan (Uncomm.)
- ROBERT B. EGTVEDT — Three Churches, Hampshire (Uncomm.)
- MIKE HALL — Hurricane, Putnam (Uncomm.)
- BOB MORRIS — Gerrardstown, Berkeley (Uncomm.)
- JOE NIKLAS — Hedgesville, Berkeley (Uncomm.)
- BRENTON RICKETTS — Harpers Ferry, Jefferson (Uncomm.)
- BRIAN WOOD — Winfield, Putnam (Uncomm.)
- HARRY C. BRUNER, JR. — Charleston, Kanawha (Gingrich)
- ALVIN ENGELKE — Creston, Wirt (Gingrich)
- STEPHEN KERSEY — Charleston, Kanawha (Gingrich)
- BRANDON NIDA — Sissonville, Kanawha (Gingrich)
- GREG THOMAS — Charleston, Kanawha (Gingrich)
- RON WALTERS — Cross Lanes, Kanawha (Gingrich)

## OFFICIAL NON-PARTISAN BALLOT OF ELECTION OF MEMBERS OF THE HARDY COUNTY BOARD OF EDUCATION

### NON-PARTISAN BOARD OF EDUCATION
(Vote For Not More Than TWO)
Maximum eligible to be elected from districts: Capon (2); Lost River (2); Moorefield (2); Old Fields (0); South Fork (1)

- LOY D. KESNER — Moorefield — South Fork Dist.
- MAX E. PARK — Baker — Capon Dist.
- NANCY HAHN — Wardensville — Capon Dist.
- Write-in, If Any
- Write-in, If Any

## OFFICIAL NON-PARTISAN BALLOT

### FOR CONSERVATION DISTRICT SUPERVISOR
Potomac Valley District
(Vote For ONE)

- GEORGE T. LEATHERMAN III — Old Fields
- Write-in, If Any

**VOTE BOTH SIDES**

A | B | C Seq:0005

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| D | HARDY COUNTY, WV | E | PRIMARY ELECTION | F | MAY 8, 2012 |
|---|---|---|---|---|---|

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Back

**OFFICIAL BALLOT**
**SCHOOL BOND ELECTION**
**HARDY COUNTY BOARD OF EDUCATION**
**May 8, 2012**

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

PROJECT: East Hardy High School
Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12.

LOCATION: Existing East Hardy High School
259 Cougar Drive, Baker, West Virginia

ESTMATED COST: $19,459,304

PROJECT: Moorefield High School
Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12.

LOCATION: Existing Moorefield High School
US Rte 220, Moorefield, West Virginia

ESTMATED COST: $23,630,696

TOTAL ESTIMATED PROJECT COST:
$43,090,000

Approximate Total Cost to be paid from SBA Grants and/or other sources:
$21,545,000

Approximate Total Cost to be paid from bond proceeds:
$21,545,000

Approximate Total Cost of Projects:
$43,090,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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, interest during the construction of the Projects, 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 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 Hardy County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. The amount of the Bond issue reflects the expectation that the School District having received one or more grants from the West Virginia School Building Authority and/or other sources in an amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) for use on the renovations and improvements at Moorefield High School and for construction and equipping of the East Hardy High School, the receipt of which sum is a condition precedent to the resource of the Bonds. In the event the Hardy 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.

INSTRUCTION TO VOTERS: To vote in favor of the proposition (For the Bond Issue) submitted on this ballot, darken the oval completely next to "Yes (For the Bond Issue)". To vote against the proposition (Against the Bond Issue), darken the oval completely next to "No (Against the Bond Issue)".

⬭ Yes (For the Bond Issue)

⬭ No (Against the Bond Issue)

**VOTE BOTH SIDES**

| D | | E | | F | |
|---|---|---|---|---|---|

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FRONT

HARDY COUNTY, WV | PRIMARY ELECTION | MAY 8, 2012

# OFFICIAL BALLOT

## INSTRUCTIONS TO VOTER

1. To vote you must darken the oval (⬬) completely next to the candidate or issue of your choice.

## NATIONAL TICKET

### FOR PRESIDENT
(Vote For ONE)

KEITH JUDD
Texarkana, TX

BARACK OBAMA
Chicago, IL

### FOR U.S. SENATOR
(Vote For ONE)

SHEIRL FLETCHER
Morgantown — Monongalia Co.

JOE MANCHIN III
Fairmont — Marion Co.

### FOR U.S. HOUSE OF REPRESENTATIVES
2nd Congressional District
(Vote For ONE)

HOWARD SWINT
Charleston — Kanawha Co.

DUGALD BROWN
Martinsburg — Berkeley Co.

WILLIAM McCANN
Kearneysville — Jefferson Co.

## STATE TICKET

### FOR GOVERNOR
(Vote For ONE)

ARNE MOLTIS
So. Charleston — Kanawha Co.

EARL RAY TOMBLIN
Chapmanville — Logan Co.

### FOR SECRETARY OF STATE
(Vote For ONE)

NATALIE E. TENNANT
Charleston — Kanawha Co.

### FOR AUDITOR
(Vote For ONE)

GLEN B. GAINER III
Parkersburg — Wood Co.

### FOR TREASURER
(Vote For ONE)

JOHN D. PERDUE
Cross Lanes — Kanawha Co.

## STATE TICKET

### FOR COMMISSIONER OF AGRICULTURE
(Vote For ONE)

BOB TABB
Kearneysville — Jefferson Co.

STEVE MILLER
Fort Ashby — Mineral Co.

JOE MESSINEO
Spencer — Roane Co.

SALLY SHEPHERD
Sissonville — Kanawha Co.

WALT HELMICK
Marlinton — Pocahontas Co.

### FOR ATTORNEY GENERAL
(Vote For ONE)

DARRELL V. McGRAW, JR.
Charleston — Kanawha Co.

### FOR JUSTICE OF THE SUPREME COURT OF APPEALS
(Vote For Not More Than TWO)

LOUIS PALMER
Pocatalico — Kanawha Co.

H. JOHN "Buck" ROGERS
New Martinsville — Wetzel Co.

LETITIA "Tish" CHAFIN
Charleston — Kanawha Co.

J.D. BEANE
Parkersburg — Wood Co.

JAMES J. "Jim" ROWE
Lewisburg — Greenbrier Co.

ROBIN JEAN DAVIS
Charleston — Kanawha Co.

### FOR STATE SENATOR
14th Senatorial District
(Vote For ONE)

BOB WILLIAMS
Bridgeport — Taylor Co.

### FOR MEMBER OF HOUSE OF DELEGATES
(Vote For ONE)
55th Delegate District

JOHN HAMILTON TREADWAY, JR.
Baker — Hardy Co.

ISAAC SPONAUGLE
Franklin — Pendleton Co.

## COUNTY TICKET

### FOR COUNTY COMMISSIONER
(Vote For ONE)
Not more than one resident of any magisterial district may be elected.

DELMAS W. SEE, JR.
Old Fields — Old Fields Dist.

STEVEN DWIGHT WEESE
Moorefield — Old Fields Dist.

WM. JR KEPLINGER
Moorefield — South Fork Dist.

### FOR PROSECUTING ATTORNEY
(Vote For ONE)

LUCAS SEE
Moorefield

## COUNTY TICKET

### FOR SHERIFF
(Vote For ONE)

JERRY MOORE
Baker

BRYAN C. WARD
Moorefield

### FOR ASSESSOR
(Vote For ONE)

JIM B. WRATCHFORD
Moorefield

### FOR MAGISTRATE
(Vote For Not More Than TWO)

WILLIAM "Buck" KOONTZ
Moorefield

SHAWNA M. CRITES
Moorefield

### FOR SURVEYOR
(Vote For ONE)

DAVID W. JOPLING
Old Fields

## OFFICIAL NON-PARTISAN BALLOT OF ELECTION OF MEMBERS OF THE HARDY COUNTY BOARD OF EDUCATION

### NON-PARTISAN BOARD OF EDUCATION
(Vote For Not More Than TWO)
Maximum eligible to be elected from districts: Capon (2); Lost River (2); Moorefield (2); Old Fields (0); South Fork (1)

LOY D. KESNER
Moorefield — South Fork Dist.

MAX E. PARK
Baker — Capon Dist.

NANCY HAHN
Wardensville — Capon Dist.

Write-in, If Any

Write-in, If Any

## OFFICIAL NON-PARTISAN BALLOT

### FOR CONSERVATION DISTRICT SUPERVISOR
Potomac Valley District
(Vote For ONE)

GEORGE T. LEATHERMAN III
Old Fields

Write-in, If Any

## VOTE BOTH SIDES

A | B | C | Seq:0005

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| HARDY COUNTY, WV | PRIMARY ELECTION | MAY 8, 2012 |
|---|---|---|

**OFFICIAL BALLOT**
**SCHOOL BOND ELECTION**
**HARDY COUNTY BOARD OF EDUCATION**
**May 8, 2012**

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

PROJECT: East Hardy High School
Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12.

LOCATION: Existing East Hardy High School
259 Cougar Drive, Baker, West Virginia

ESTMATED COST: $19,459,304

PROJECT: Moorefield High School
Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of aporoximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12.

LOCATION: Existing Moorefield High School
US Rte 220, Moorefield, West Virginia

ESTMATED COST: $23,630,696

TOTAL ESTIMATED PROJECT COST:
$43,090,000

Approximate Total Cost to be paid from SBA Grants and/or other sources:
$21,545,000

Approximate Total Cost to be paid from bond proceeds:
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Yes (For the Bond Issue)

No (Against the Bond Issue)

**VOTE BOTH SIDES**

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A HARDY COUNTY, WV | B PRIMARY ELECTION | C MAY 8, 2012

# OFFICIAL BALLOT
## INSTRUCTIONS TO VOTER

1. To vote you must darken the oval (⬭) completely next to the candidate or issue of your choice.

## OFFICIAL NON-PARTISAN BALLOT OF ELECTION OF MEMBERS OF THE HARDY COUNTY BOARD OF EDUCATION

### NON-PARTISAN BOARD OF EDUCATION
(Vote For Not More Than TWO)
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- ⬭ **LOY D. KESNER** — Moorefield — South Fork Dist.
- ⬭ **MAX E. PARK** — Baker — Capon Dist.
- ⬭ **NANCY HAHN** — Wardensville — Capon Dist.
- ⬭ _____ Write-in, If Any
- ⬭ _____ Write-in, If Any

## OFFICIAL NON-PARTISAN BALLOT

### FOR CONSERVATION DISTRICT SUPERVISOR
Potomac Valley District
(Vote For ONE)

- ⬭ **GEORGE T. LEATHERMAN III** — Old Fields
- ⬭ _____ Write-in, If Any

## OFFICIAL BALLOT
## SCHOOL BOND ELECTION
## HARDY COUNTY BOARD OF EDUCATION
## May 8, 2012

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

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INSTRUCTION TO VOTERS: To vote in favor of the proposition (For the Bond Issue) submitted on this ballot, darken the oval completely next to "Yes (For the Bond Issue)". To vote against the proposition (Against the Bond Issue), darken the oval completely next to "No (Against the Bond Issue)".

⬭ Yes (For the Bond Issue)

⬭ No (Against the Bond Issue)

A B C Seq:0005

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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.

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2012**

**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 Series 2012 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. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2012 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX MATTERS" herein*

# $21,545,000
# The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

**Dated: Date of Delivery**

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

The Board of Education of the County of Hardy (West Virginia), Public School Bonds, Series 2012 (the "Series 2012 Bonds") are general obligations of The Board of Education of the County of Hardy, West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Hardy County School District to pay the Series 2012Bonds and the interest thereon, without limitation as to rate or amount.

The Series 2012 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 Series 2012 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 Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds.

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated United Bank, Inc., Charleston, West Virginia, as Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Series 2012 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 Series 2012 Bonds, as described herein.

The Series 2012 Bonds are subject to redemption prior to maturity as described herein.

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

| Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP* Base #: | Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP* Base #: |
|---|---|---|---|---|---|---|---|---|---|
| 2013 | 1,055,000 | | | | 2022 | 1,180,000 | | | |
| 2014 | 830,000 | | | | 2023 | 1,230,000 | | | |
| 2015 | 865,000 | | | | 2024 | 1,285,000 | | | |
| 2016 | 905,000 | | | | 2025 | 1,345,000 | | | |
| 2017 | 945,000 | | | | 2026 | 1,405,000 | | | |
| 2018 | 990,000 | | | | 2027 | 1,465,000 | | | |
| 2019 | 1,030,000 | | | | 2028 | 1,535,000 | | | |
| 2020 | 1,080,000 | | | | 2029 | 1,600,000 | | | |
| 2021 | 1,125,000 | | | | 2030 | 1,675,000 | | | |

The Series 2012 Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice LLP, Morgantown, West Virginia, West Virginia, Counsel to the Board. It is expected that the Series 2012 Bonds will be available for delivery to DTC, New York, New York on or about October 25, 2012.

## Sale Date: October 11, 2012

*See inside cover for footnote

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

**ELECTED OFFICIALS**

Margaret Shriver, President
Loy Kesner, Vice President
Rodney Barr, Board Member
Dixie Bean, Board Member
Nancy Hahn, Board Member

**APPOINTED OFFICIALS**

Barbara Whitecotton, Superintendent
Veeta Burgess, Treasurer

**BOARD'S COUNSEL**

Bowles Rice LLP
Morgantown, West Virginia

**BOND COUNSEL**

Bowles Rice LLP
Charleston, West Virginia

**FINANCIAL ADVISOR**

Piper Jaffray & Co.
Charleston, West Virginia

*CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included on this cover page solely for the convenience of the Owners of the Series 2012 Bonds only at the time of issuance of the Series 2012 Bonds. Neither the Underwriters nor the Board makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the issuance of the Series 2012 Bonds.

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

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 in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Hardy, 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.

The information contained in this Official Statement has been obtained by the Financial Advisor from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. 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.

Forward-Looking Statements

This Official Statement, and particularly the information contained in the caption "HARDY COUNTY SCHOOL DISTRICT" and "CERTAIN FINANCIAL INFORMATION" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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**OFFICIAL STATEMENT**
**RELATING TO**

# $21,545,000
# The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

## INTRODUCTION

This Official Statement provides certain information in connection with the sale of $21,545,000 in aggregate principal amount of The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 (the "Series 2012 Bonds"). A brief description of The Board of Education of the County of Hardy, West Virginia (the "Board"), the Hardy County School District (the "School District") and the County of Hardy, West Virginia (the "County" or "Hardy County"), with which the School District is coterminous, is provided, together with a description of the Series 2012 Bonds and sources of payment therefor.

The Series 2012 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.

The Board has no other outstanding Public School General Obligation Bonds.

## SERIES 2012 BONDS

General

The Series 2012 Bonds will be dated the date of delivery, will be issued as fully registered bonds in $5,000 denominations or integral multiples thereof, and are payable on June 1, in the years and amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its Paying Agent (the "Paying Agent"). The Board has designated United Bank, Inc., Charleston, West Virginia, as the Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semi-annually thereafter (each June 1 and December 1) in each year until 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 Series 2012 Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Series 2012 Bonds maturing on or after June 1, 2023, are subject to redemption on or after June 1, 2022, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2012 Bonds and the amounts thereof to be redeemed, provided that the Series 2012 Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Series 2012 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2012 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2012 Bonds having been deposited, the Series 2012 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2012 Bonds shall cease to bear interest.

Authority and Purpose

*Authority*

The issuance of the Series 2012 Bonds and the levy of taxes sufficient to pay the interest on the principal of such Series 2012 Bonds were authorized and approved at the countywide general election held on May 8, 2012 pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 18 and ½ years from the date of issuance of the Series 2012 Bonds and an interest rate not exceeding 6.50% per annum. The canvass of said special election showed 1,998 "Yes" votes and 1,573 "No" votes, a 56% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

*Purpose*

To provide funds for making certain improvements in the School District as described in "Proposed Projects" in Appendix D.

Nature of Obligation, Security and Source of Payments

The Series 2012 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 Series 2012 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

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, the West Virginia Municipal Bond Commission (the "Bond Commission") shall serve as fiscal agent for all issuers of general obligation bonds issued by counties, municipalities, and school districts of the State and is charged with the administration of the interest and sinking funds created to service the debt. 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 2012 Budget Bill is indicative:

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

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal of or interest on any general obligation bonds issued by The Board of Education of the County of Hardy. The enforceability of rights or remedies with respect to the Series 2012 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

## HARDY COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2014, the terms of 3 members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2012-2013, the Hardy County school system has an administrative staff of 6 with the overall responsibility to coordinate and supervise the activities of 10 school administrators, 159 instructional staff (teachers and other professionals), and 110 service personnel. Total Full Time Equivalent positions are 282. The estimated pupil-teacher ratio for the 2012-2013 school year is 14 to 1 (combined elementary, middle and secondary schools). The total student enrollment (head count) is 2279 students K-12.

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

| Grades | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
|---|---|---|---|---|
| **PK-EC** | 108 | 119 | 116 | 128 |
| **K** | 180 | 183 | 189 | 185 |
| **1** | 185 | 177 | 171 | 168 |
| **2** | 175 | 165 | 180 | 157 |
| **3** | 153 | 181 | 158 | 171 |
| **4** | 164 | 146 | 184 | 166 |
| **5** | 169 | 164 | 142 | 173 |
| **6** | 182 | 168 | 164 | 150 |
| **7** | 170 | 177 | 178 | 164 |
| **8** | 184 | 173 | 174 | 168 |
| **9** | 185 | 196 | 181 | 189 |
| **10** | 175 | 152 | 168 | 162 |
| **11** | 167 | 148 | 144 | 159 |
| **12** | 156 | 158 | 148 | 139 |
| **Total** | **2353** | **2307** | **2297** | **2279** |

| Rate of Increase (Decrease) in Enrollment | |
|---|---|
| 2008-09 to 2011-12 | -3.15% |
| Average Annual | -1.05% |

Source: Hardy County Board of Education

Projected Enrollment*

| Year (October) | Enrollment (School Year) |
|---|---|
| 2013 | 2,314 |
| 2014 | 2.446 |
| 2015 | 2,467 |
| 2016 | 2,496 |
| 2017 | 2,516 |

Facilities*

| School | Grades | Construction Type | Construction Date | Renovations or Additions |
|---|---|---|---|---|
| East Hardy Early Middle School | EC-8 | Masonry | 1992 | |
| East Hardy High School | 9-12 | Masonry | 1974 | 1979 Addition |
| Moorefield Elementary School | EC-2 | Masonry | 1973 | 1999 Addition<br>2012 Renovation |
| Moorefield Intermediate School | 3-5 | Masonry | 2008 | |
| Moorefield Middle School | 6-8 | Masonry | 1997 | |
| Moorefield High School | 9-12 | Masonry | 1940 | 1953 Addition<br>1978 Renovation due to fire |

*Source: Hardy County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Hardy 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 ($) at 100% | Projected Net Tax Collected ($) at 92-93% Less Assessors Fee | Actual Collected ($) | Actual Collected (%) |
|---|---|---|---|---|
| **2008-2009** | | | | |
| General Current | 4,374,514 | 3,991,219 | 4,204,893 | 96% |
| **2009-2010** | | | | |
| General Current | 4,952,796 | 4,518,832 | 4,739,419 | 96% |
| **2010-2011** | | | | |
| General Current | 5,048,365 | 4,624,828 | 4,968,196 | 98% |
| **2011-2012** | | | | |
| General Current | 4,959,944 | 4,534,589 | 4,845,599 | 98% |
| **2012-2013** | | | | |
| General Current | 4,787,959 | 4,377,353 | N/A | N/A |
| Bond Levy | 2,055,861 | 2,055,861 | N/A | N/A |

*Source: Hardy 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 2012 assessment year valuations are made as of July 1, 2011, with taxes levied and collected during the fiscal year July 1, 2012, through June 30, 2013.

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 Hardy County School District includes all of Hardy County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code (the "Property Valuation Act") 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 Property Valuation Act 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 Property Valuation Act 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 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 0 | 0 | 0 | 0 | 0 |
| II | 399,550,550 | 433,673,420 | 435,556,385 | 434,809,526 | 431,087,808 |
| III | 255,128,916 | 317,096,304 | 329,073,208 | 321,568,213 | 303,622,134 |
| IV | 108,821,918 | 104,313,978 | 103,711,329 | 100,195,083 | 97,839,194 |
| Total | 763,501,384 | 855,083,702 | 868,340,922 | 856,672,822 | 832,549,136 |

Assessed Valuation by Property Category*

| Category | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| Real | 563,896,060 | 599,219,310 | 595,782,380 | 585,481,530 | 568,284,060 |
| Personal | 120,129,353 | 112,157,606 | 101,396,755 | 105,564,915 | 104,174,332 |
| Public Utility | 79,475,971 | 143,706,786 | 171,161,787 | 165,526,377 | 160,090,744 |
| Total | 763.501,384 | 855,083,702 | 868,340,922 | 856,672,822 | 832,549,136 |

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

| | | |
|---|---|---|
| 26,589,010 in 2008-2009 | 28,137,144 in 2010-2011 | 29,963,226 in 2012-2013 |
| 27,650,012 in 2009-2010 | 29,129,202 in 2011-2012 | |

Source: State Tax Department

Largest Assessed Valuations*

| Property Owner | Assessed Valuation ($) (Tax Year 2012) |
|---|---|
| HARDY STORAGE CO LLC | 79,542,489 |
| COLUMBIA GAS TRANSMISSION LLC | 27,678,594 |
| VIRGINIA ELECTRIC & POWER COMPANY | 14,129,368 |
| POTOMAC EDISON COMPANY THE | 10,761,310 |
| WASHINGTON GAS LIGHT COMPANY | 6,826,876 |
| HARDY TELECOMMUNICATIONS COMPANY INC | 6,701,600 |
| PILGRIMS PRIDE CORP. | 6,114,150 |
| PATH ALLEGHENY TRANSMISSION CO LLC | 4,819,488 |
| AMERICAN WOODMARK | 4,222,460 |
| CITIZENS TELECOM CO OF WV | 3,134,522 |

*The assessed valuations include real and personal property in Class III or IV.
Non-Taxable Property was not included in this chart.
Source: Hardy County Assessor and West Virginia State Auditor

Tax Rate Comparisons*

The following shows Hardy 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 2013; Fiscal Year 2012-2013.

| County | Class I | Class II | Class III/IV |
|---|---|---|---|
| **Hardy** | 42.28 | 84.56 | 169.12 |
| Grant | 33.95 | 67.90 | 135.80 |
| Hampshire | 34.82 | 69.64 | 139.28 |
| Mineral | 59.69 | 119.38 | 238.76 |
| Pendleton | 33.84 | 67.68 | 135.36 |

*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.

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.

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 five years 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.

*School Current Levy*

| Class | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 19.40 | 19.40 | 19.40 | 19.40 | 19.40 |
| II | 38.80 | 38.80 | 38.80 | 38.80 | 38.80 |
| III and IV | 77.60 | 77.60 | 77.60 | 77.60 | 77.60 |

*School Bond Levy*

| Class | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 |
| II | 0.00 | 0.00 | 0.00 | 0.00 | 16.66 |
| III and IV | 0.00 | 0.00 | 0.00 | 0.00 | 33.32 |

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Board, but not including those relating to the proposed bond issue, in cents per $100 assessed valuation for the 2012-2013 fiscal year are as follows:

| Tax Type | Class I | Class II | Class III/IV |
|---|---|---|---|
| State Current | 0.25 | 0.50 | 1.00 |
| County Current | 14.30 | 28.60 | 57.20 |
| School Current | 19.40 | 38.80 | 77.60 |
| School Bonds | 8.33 | 16.66 | 33.32 |

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional current rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2012-2013 fiscal year.

| Municipality | Class I | Class II | Class IV |
|---|---|---|---|
| Moorefield (Current) | 12.50 | 25.00 | 50.00 |
| (Excess Levy ) | 6.25 | 12.50 | 25.00 |
| Wardensville (Current) | 12.50 | 25.00 | 50.00 |

Source: West Virginia State Auditor

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 (2010 Census) | 14,069 |
| Assessed Valuation* | $832,549,136 |
| Debt Limit (5% of Assessed Valuation) | $41,627,457 |
| Outstanding Debt (including the Series 2012 Bonds) | $21,545,000 |
| Debt Contracting Margin** | $20,082,457 |
| Per Capita Debt** | $1,531 |
| Outstanding Debt as percentage of Assessed Valuation** | 2.59% |

*Assessed Value is estimated to be approximately 60% of appraised or market value (Assessment Year 2012, Fiscal Year 2013).

Debt Service Requirements

Upon issuance of the Series 2012 Bonds, based on the interest rates and yields set forth on the cover page, the Board will have the following debt:

**Series 2012 Bonds Schedule of Bond Indebtedness**

| Maturing (June 1) | Principal Amount ($) | Interest ($) | Total ($) |
|---|---|---|---|
| 2013 | 1,055,000 | | |
| 2014 | 830,000 | | |
| 2015 | 865,000 | | |
| 2016 | 905,000 | | |
| 2017 | 945,000 | | |
| 2018 | 990,000 | | |
| 2019 | 1,030,000 | | |
| 2020 | 1,080,000 | | |
| 2021 | 1,125,000 | | |
| 2022 | 1,180,000 | | |
| 2023 | 1,230,000 | | |
| 2024 | 1,285,000 | | |
| 2025 | 1,345,000 | | |
| 2026 | 1,405,000 | | |
| 2027 | 1,465,000 | | |
| 2028 | 1,535,000 | | |
| 2029 | 1,600,000 | | |
| 2030 | 1,675,000 | | |
| Totals | $21,545,000 | | |

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 Series 2012 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.<br><br>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 (Regulatory Basis)

**General Current Expense Fund**
**Fiscal Year ended June 30**

| | 2011 Budget | 2011 Actual | 2012 Budget | 2013 Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Local Sources: | | | | |
| Property Taxes | 4,927,321 | 4,968,197 | 4,845,599 | 4,549,051 |
| Other Local Sources | 208,803 | 314,011 | 192,915 | 226,000 |
| State Sources | 9,712,767 | 12,477,105 | 11,451,506 | 11,640,660 |
| Other Unrestricted | 2,761 | 2,761 | 6,927 | |
| Federal Sources | 444,973 | 678,267 | 332,061 | 231,220 |
| Total Revenues Collected | 15,296,626 | 18,440,341 | 16,903,567 | 16,646,931 |
| **Expenditures:** | | | | |
| Instruction | 8,917,649 | 11,241,529 | 10,028,568 | 9,733,690 |
| Supporting Services: | | | | |
| Students | 583,158 | 761,761 | 628,180 | 639,360 |
| Instructional Staff | 608,432 | 838,502 | 574,128 | 657,720 |
| Central Administration | 568,531 | 721,726 | 567,060 | 421,980 |
| School Administration | 913,290 | 1,310,604 | 996,563 | 1,034,420 |
| Business | 179,816 | 225,661 | 257,080 | 286,301 |
| Operation & Maintenance of Facilities | 1,713,512 | 1,874,094 | 1,908,706 | 1,882,970 |
| Student Transportation | 1,662,106 | 1,990,395 | 1,590,093 | 1,650,410 |
| Food Services | 1,343 | 240,373 | 1,554 | |
| Community Services | 27,655 | 37,539 | 27,215 | 25,000 |
| Capital Outlay | 0 | 74,082 | 29,050 | |
| Reserves | | | 301,199 | |
| Debt Service: | | | | |
| Principal Retirement | 93,138 | 93,138 | 97,416 | 101,892 |
| Interest & Fiscal Charges | 15,642 | 15,642 | 11,364 | 6,888 |
| Total Expenditures | 15,284,272 | 19,424,595 | 17,018,176 | 16,440,631 |
| Excess (Deficiency) of Revenues over Expenditures | 12,354 | -984,254 | -114,609 | 206,300 |
| Total Other Financing Sources (Uses) | -589,329 | -536,126 | -726455 | -656,300 |
| Net change in Fund Balance | 576,975 | -1,520,380 | 841,065 | -450,000 |
| Fund Balance at July 1 | 576,975 | -1489,400 | 841,065 | 450,000 |
| Fund Balance at June 30* | 0 | -3,009,780 | 0 | 0 |

Source: Hardy County Board of Education

*The Fund Balance is $-3,009,780 Undesignated Balance for Fiscal Year 2011, of which $3,941,200 is OPEB liability and $ 931,420 is not related to OPEB.

Other Post-Employment Benefits (OPEB)

The Board has adopted Governmental Accounting Standards Board (GASB) Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", which among other things, requires reporting on an accrual basis the liability associated with other postemployment benefits. In conjunction with the implementation of GASB Statement No. 43, the State of West Virginia established the Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, to account for and administer the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. The PEIA Finance Board was assigned the authority to establish and amend contribution requirements of the plan members and the participating employers, and PEIA administers the plan. The legislation requires the RHBT to determine through an actuarial study the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the respective employers who are required by law to remit at least the minimum annual premium component of the CRC. The Board is required to participate in the RHBT established for the multiemployer cost-sharing plan. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

Revenues collected by RHBT are used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. The rates charged must generate sufficient revenues to not only meet all expected expenses, including insurance, administrative expenses, and incurred but unreported claims of the RHBT, but also include the amounts necessary to fund the unfunded obligation of the plan over an amortization period not to exceed 30 years.

In an effort to reduce OPEB obligations, after conducting public hearings around the State in November, 2011, the PEIA Finance Board met on December 13, 2011 and adopted its plan for 2012-2013 which, among other things, cut health benefits by approximately $18.4 million per year and set a cap on retiree premium subsidies of $343 per month, effective as of July 1, 2012, for those employees hired on or before July 30, 2010. The $343 retiree premium subsidy cap will increase over time for inflation, but by no more than 3% per year. This action is calculated to reduce the State of West Virginia's OPEB liability by half to $5 billion and is projected to ultimately eliminate the OPEB liability by 2040.

The OPEB liability, Actuarial Accrued Liability (AAL), for the multiple-employer-cost sharing plan, for plan year FY 2012, was estimated at $10.3 billion. This amount represents a substantial unfunded liability for the employers which are a part of the plan. The action taken by the PEIA Finance Board at its December 13, 2011 meeting is estimated to have cut the OPEB liability in half to approximately $5 billion. The PEIA 2012-2013 plan contemplates that State retirees will pay the additional $5 billion over time in the form of higher premiums or reduced benefits or both.

On February 10, 2012, the West Virginia Legislature passed Senate Bill 469 which creates a plan to address the funding of OPEB liabilities associated with the PEIA in the State of West Virginia. The Senate Bill eliminates health care insurance premium subsidies for PEIA insured employees which were hired after July 1, 2010 and sets up the Post July 1, 2010 Employee Trust Fund for the purpose of funding retirement benefits for employees hired after July 1, 2010. Under Senate Bill 469, following the elimination of the actuarial unfunded liability of the State's Workers' Compensation Trust Fund, the State will begin to apply $35 million a year from personal income tax collections as follows: $30 million a year will be deposited into the West Virginia Retiree Health Benefit Trust Fund (until the actuarial unfunded liability is eliminated or July 1, 2037, which ever is later to occur) for the purpose of paying down the remaining $5 billion of long-term OPEB liability associated with the PEIA, and (ii) $5 million a year will be deposited into the Post July 1, 2012 Employee Trust Fund to assist employees hired after July 1, 2010.

For professional employees, service personnel and professional student support personnel of the various County Boards of Education in the State, including the Board, which are employed within the limits permitted by the foundation allowance of the State school aid formula, the necessary OPEB premiums which are required to be paid to PEIA with respect to such employees shall be charged to the State of West Virginia. However, such County Boards of Education, including the Board, retain liability for payment of the necessary OPEB premiums

which are required to be paid to PEIA for all professional employees, service personnel and professional student support personnel which are employed by such County Boards of Education in excess of the limits permitted by the foundation allowance of the State school aid formula.

For additional information regarding the Board's liabilities and expenses, see "APPENDIX A – Audit Report of Hardy County Board of Education for the Fiscal Year Ended June 30, 2011" and the accompanying notes to the financial statements.

Sources: (West Virginia Public Employees Insurance Agency)

Insurance Coverage*

| 1. Type | Amount in Force (FY 2011) |
|---|---|
| Fire, extended coverage/buildings & personal property | $ 47,452,853 |
| Public official position bond: | |
| Superintendent | $ 10,000 |
| Board President | $ 10,000 |
| Treasurer | $ 225,000 |
| Deductible - | $ 2,500 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, 2012 to July 1, 2013. 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
- 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: Hardy County Board of Education

Teachers Retirement Systems*

### Teachers Retirement System (Defined Benefit)

The Teachers 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, 2011, there are 35,880 active members and 31,043 retirees. 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, 2011 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, 2011, the unfunded liability of TRS was $4.370483 billion. The funded percentage was 53.7%. The State expects the TRS unfunded accrued liability to 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, 2011, there were approximately 4,554 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

In 2008, the West Virginia Legislature enacted 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 vote 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.

*Source: State of West Virginia Consolidated Public Retirement Board

## INVESTMENT CONSIDERATIONS

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The School District is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the School District's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The School District has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the School District and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the School District has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

## TAX MATTERS

In the opinion of Bond Counsel, (a) 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, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporates upon the conditions and subject to the limitations set forth in this section; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations, 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.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Board has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective purchasers of the Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or

exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Board and its counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Board or the beneficial owners to incur significant expense.

West Virginia Tax

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.

Possible State and Federal Legislative Changes with Respect to Tax-Exempt Bonds

Legislation has been proposed in the past, and may be proposed again in the future, to eliminate the tax-exempt status of bonds issued to finance educational facilities or to limit the extent of the current tax advantages available for tax exempt bonds or to limit the use of tax-exempt bonds. Any such limitation could reduce the Board's ability to finance future capital needs of the School District. The effect on the Board of proposed laws and regulations and future changes in federal and state laws and policies cannot be fully or accurately determined at this time.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011, if enacted, would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## 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 Series 2012 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 Series 2012 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.

The West Virginia Legislature enacted Senate Bill 469 subsequent to the West Virginia Supreme Court's decision in the OPEB Litigation above described. Senate Bill 469 provides that OPEB premiums associated with the PEIA for certain County School Board employees which are employed within the foundation allowance of the State school aid formula are to be charged to the State of West Virginia rather than the County School Boards. However, the County School Boards retain liability for such OPEB premiums for employees which are employed outside of the foundation allowance of the State school aid formula (see Other Post Employment Benefits discussion in this Official Statement for additional detail).

The State of West Virginia's OPEB liability and the Board's OPEB liability may be subject to additional lawsuits and legislative action in the future which could have an effect on the amount of the Board's OPEB liability. No representation can be made regarding the potential outcome of any such lawsuits, if initiated, or the likelihood of any future legislative actions and any effect on the amount of the Board's OPEB liability.

At the time of payment for and delivery of the Series 2012 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 Series 2012 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 Series 2012 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 covenanted for the benefit of the Owners of the Series 2012 Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as Exhibit G, to provide financial information not later than two hundred seventy (270) days following the end of the Board's fiscal year, commencing with the report for the fiscal year ending June 30, 2012, and to provide notice of the occurrence of the enumerated events listed herein, if material. The Annual Information and each notice of material events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the Board with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The Board, has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Series 2012 Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT."

## LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2012 Bonds are subject to the approval of Bowles Rice LLP, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Series 2012 Bonds. Certain legal matters will be passed upon for the Board by Bowles Rice LLP, Morgantown, West Virginia, Counsel to the Board.

## SALE AT COMPETITIVE BIDDING

The Series 2012 Bonds will be offered by the Board at competitive bidding on October 11, 2012 in accordance with the Official Notice of Sale.

## FINANCIAL STATEMENTS

Included in Appendix A are the audited financial statements of the Board as of and for the twelve-month period ended June 30, 2011, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2011, dated March 16, 2012, of Tetrick & Bartlett, PLLC, Certified Public Accountants. The Board has obtained the consent of Tetrick & Bartlett, Certified Public Accountants to publish the audited financial statements with this Official Statement.

## RATING

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of 'AA' based on the Board's eligibility and participation in the Municipal Bond Program. 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.

## FINANCIAL ADVISOR

Piper Jaffray & Co., Charleston, West Virginia, is serving as Financial Advisor to the Board in connection with the issuance of the Series 2012 Bonds.

## CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $21,545,000 in aggregate principal amount of The Board of Education of the County of Hardy Public School Bonds, Series 2012. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Hardy by Piper Jaffray & Co. in its capacity as Financial Advisor.

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 Series 2012 Bonds.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: _____, Superintendent

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**APPENDIX A**

Audit Report of
Hardy County Board of Education for the
Fiscal Year Ended June 30, 2011

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# HARDY COUNTY BOARD OF EDUCATION

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## INDEPENDENT AUDITOR'S REPORT AND RELATED FINANCIAL STATEMENTS

**********

## FOR THE YEAR ENDED JUNE 30, 2011

*RFP #08-090 (Hardy County)*

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# HARDY COUNTY BOARD OF EDUCATION
# INDEX OF FUNDS
# FOR THE YEAR ENDED JUNE 30, 2011

## GOVERNMENTAL FUND TYPES

***General Current Expense***

***Special Revenue Funds***

Restricted Projects

**ARRA** – Restricted Projects

***Capital Projects***

Capital Projects

## FIDUCIARY FUND TYPE

School Activity Funds

# HARDY COUNTY BOARD OF EDUCATION
# BOARD OFFICIALS
# JUNE 30, 2011

| Office | Name | Term |
|---|---|---|
| | **Elective** | |
| Board Members: | Rodney J. Barr | 07/01/10 – 06/30/14 |
| | Margaret Shriver | 07/01/10 – 06/30/14 |
| | Dixie Bean | 07/01/10 – 06/30/14 |
| | Nancy V. Hahn | 07/01/08 – 06/30/12 |
| | Loy D. Kesner | 07/01/08 – 06/30/12 |
| | **Appointive** | |
| Board President | Margaret Shriver | 07/01/10 – 06/30/14 |
| Interim Superintendent | Barbara S. Whitecotton | July 1, 2010 – June 30, 2013 |
| Treasurer | Veeta R. Burgess | 07/01/10 – 06/30/11 |

Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants
122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

# INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Hardy County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardy County 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Hardy County Board of Education, as of June 30, 2011, 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 discussed in Note 3, the Board of Education implemented the provisions of Governmental Accounting Standards Board Statement Number 24, "*Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*" and Governmental Accounting Standards Board Statement Number 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," in the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the Hardy County 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardy County Board of Education's 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. Also, the accompanying other supplementary information of the schedule of changes in School Activity Funds is presented for purposes of additional analysis and are not a required part of the basic financial statements of Hardy County Board of Education. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Tetrick & Bartlett, PLLC

March 16, 2012

# HARDY COUNTY BOARD OF EDUCATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED JUNE 30, 2011

Our discussion and analysis of the Hardy County Board of Education's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with **Financial Highlights**

- The Board's assets exceeded liabilities by $28,044,301 *(net assets)* at the close of the most recent fiscal year.
- The Board's total net assets increased by $284,745.
- Mostly this increase is attributable to capital outlays which mainly was the renovation of Moorefield Elementary School.

As of the close of the current fiscal year, the Board's governmental funds reported with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

- Combined ending fund balances of ($2,950,132), a decrease of $1,670,900 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was ($3,009,780)

## 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 comprise 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 accompanying this report.

**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 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 four 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 current expense fund, the special revenue fund, the special revenue ARRA fund, and the capital projects 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 accompanying 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 accompanying 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 $28,044,301 at the close of the most recent fiscal year.

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Current and other assets | $ 3,001,432 |
| Capital assets | 31,247,528 |
| **TOTAL ASSETS** | $ 34,248,960 |
| **LIABILITIES AND NET ASSETS** | |
| **Liabilities** | |
| Current and other liabilities | $ 5,907,844 |
| Long-term liabilities outstanding | 296,815 |
| Total liabilities | 6,204,659 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | 30,950,713 |
| Restricted | 453,548 |
| Unrestricted | ( 3,359,960) |
| Total net assets | 28,044,301 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 34,248,960 |

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

- The largest portion of the Board's net assets (91%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, 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.

At the end of the current fiscal year, the Board is able to report positive balances in two of the two categories of net assets.

The Board's net assets increased by $284,745 during the current year. The following discussion and analysis on governmental activities focuses on this increase.

The key elements of the increase of the Board's net assets for the year ended June 30, 2011 are:

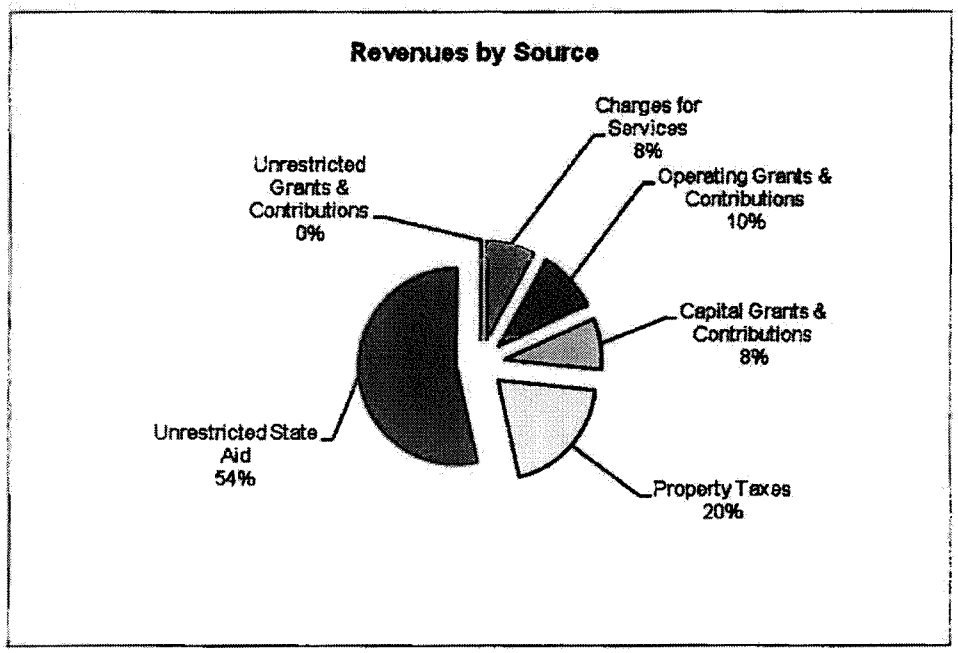
| | Governmental Activities |
|---|---|
| **Revenues:** | |
| Program revenues: | |
| Charges for services | $ 1,983,943 |
| Operating grants and contributions | 2,626,594 |
| Capital grants and contributions | 2,075,206 |
| General revenues: | |
| Property taxes | 4,959,721 |
| Unrestricted state aid | 13,312,154 |
| Unrestricted investment earnings | 6,655 |
| Total revenues | 24,964,273 |
| **Expenses:** | |
| Instruction | 14,075,677 |
| Supporting services: | |
| Students | 1,076,968 |
| Instructional staff | 1,176,275 |
| District admin. | 741,120 |
| School admin. | 1,328,507 |
| Business services | 259,440 |
| Operation and Maint. | 1,918,740 |
| Transportation | 2,048,929 |
| Total supporting services | 8,549,979 |
| Food services | 1,821,214 |
| Community services | 217,016 |
| Interest on long-term debt | 15,642 |
| Total expenses | 24,679,528 |
| Change in net assets | 284,745 |
| Net assets – July 1, 2010 | 27,759,556 |
| Net assets – June 30, 2011 | $ 28,044,301 |

The largest increase in revenues was from federal sources and property taxes. Revenues from state sources decreased these increases and decreases were due to:

- Increases in local property taxes (due mostly to the increase in assessment values) decreases the amount of revenue provided through the state aid formula. The increase in federal funding is provided through the increased services provided to students that are reimbursable through the Medicaid program.

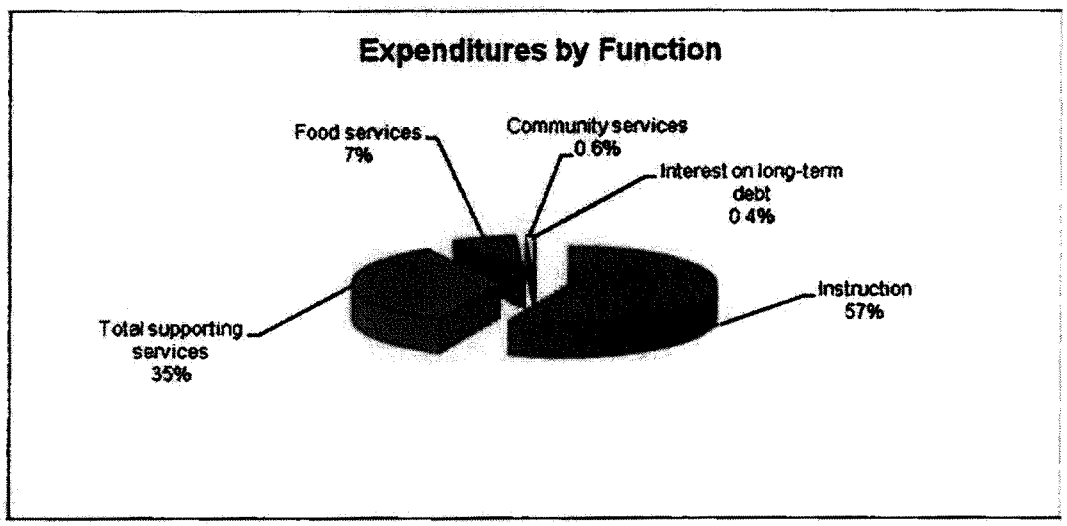
A comparative analysis of revenues will be provided in future years when prior year information is available.

The following chart shows the Board's revenues for fiscal year ended June 30, 2011 by source:




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

The following chart shows the Board's expenditures for fiscal year ended June 30, 2011 by function




## 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, ***unassigned 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 $(2,950,132). Included in this year's change in the combined fund balance is an increase of expenditures over revenue of $(1,670,900).

## 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 $ 316,549 or 2% in total general fund expenditures. The most significant difference may be summarized as follows:

- Additional revenues were received from property taxes

## Capital Asset and Debt Administration

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2011, amounts to $31,247,528 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was 6 percent.

Major capital asset events during the current fiscal year included the following:

- The purchase of two additional school buses.
- The renovation of Moorefield Elementary.
- The purchase of vehicles for usage by county.

| | Governmental Activities |
|---|---|
| Land | $ 2,357,800 |
| Buildings and improvements | 25,007,597 |
| Furniture and equipment | 296,144 |
| Vehicles | 1,106,176 |
| Construction in process | 2,479,811 |
| Total capital assets | $ 31,247,528 |

Additional information on the Board's capital assets can be found accompanying the basic financial statements.

**Long-term debt.** At the end of the current fiscal year, the Board had capital lease obligations of $296,815. 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. The Board has made entries to show the other post employment benefits in which the Board is obligated. The obligation for compensated absences for vacations was liquidated at the direction of the state.

| | Governmental Activities |
|---|---|
| Capital Lease obligations | $ 296,815 |
| Total debt outstanding | $ 296,815 |

Additional information on the Board's long-term debt can be found accompanying 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 any 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 financial information, contact the Board Office, Hardy County Board of Education, 510 Ashby Street, Moorefield, WV 26836.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF NET ASSETS
# JUNE 30, 2011

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 1,976,896 |
| Investments | 80,775 |
| Taxes receivable, net of allowance for uncollectible taxes | 59,176 |
| Food services receivable | 38,054 |
| Other receivables | 18,130 |
| Due from other governments: | |
| State aid receivable | 39,836 |
| PEIA allocation receivable | 289,310 |
| Reimbursements receivable | 499,255 |
| **Capital Assets** | |
| Land | 2,357,800 |
| Buildings and improvements | 30,530,915 |
| Furniture and equipment | 1,138,689 |
| Vehicles | 3,119,522 |
| Construction in process | 2,479,811 |
| Less accumulated depreciation | ( 8,379,209) |
| Total capital assets, net of depreciation | 31,247,528 |
| **TOTAL ASSETS** | 34,248,960 |

| | Governmental Activities |
|---|---|
| **LIABILITIES AND NET ASSETS** | |
| **Liabilities** | |
| Salaries payable and related payroll liabilities | $ 1,400,751 |
| PEIA premiums payable | 301,424 |
| Accounts payable | 148,885 |
| Other post employment benefit payable | 3,941,200 |
| Deferred revenues | 115,584 |
| Long-term obligations: | |
| Due within one year: | |
| Bonds, capital leases, and contracts | 97,416 |
| Due beyond one year: | |
| Bonds, capital leases, and contracts | 199,399 |
| Total liabilities | 6,204,659 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | 30,950,713 |
| Restricted for: | |
| Special projects | 393,900 |
| Capital projects | 59,648 |
| Unrestricted | ( 3,359,960) |
| Total net assets | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF ACTIVITIES
# FOR THE YEAR ENDED JUNE 30, 2011

| Functions | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense), Revenue & Changes in Net Assets Governmental Activities |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Instruction | $ 14,075,677 | $ 889,587 | $ 1,672,624 | $ 2,057,539 | $( 9,455,927) |
| Supporting services: | | | | | |
| Students | 1,076,968 | -0- | 315,381 | -0- | ( 761,587) |
| Instructional staff | 1,176,275 | -0- | 295,166 | -0- | ( 881,109) |
| District administration | 741,120 | -0- | 2,430 | -0- | ( 738,690) |
| School administration | 1,328,507 | -0- | 2,583 | -0- | ( 1,325,924) |
| Business services | 259,440 | -0- | 452 | -0- | ( 258,988) |
| Operation and maintenance of facilities | 1,918,740 | 2,761 | 23,752 | 17,667 | ( 1,874,560) |
| Student transportation | 2,048,929 | 42,029 | 184,818 | -0- | ( 1,822,082) |
| Food services | 1,821,214 | 223,423 | 129,388 | -0- | ( 1,468,403) |
| Community services | 217,016 | 826,143 | -0- | -0- | 609,127 |
| Interest on long-term debt | 15,642 | -0- | -0- | -0- | ( 15,642) |
| Total governmental activities | $ 24,679,528 | $ 1,983,943 | $ 2,626,594 | $ 2,075,206 | (17,993,785) |
| General Revenues: | | | | | |
| Property taxes | | | | | 4,959,721 |
| Unrestricted state aid | | | | | 13,312,154 |
| Unrestricted investment earnings | | | | | 6,655 |
| Transfers in | | | | | 592,932 |
| Transfers (out) | | | | | ( 592,932) |
| Total general revenues and transfers | | | | | 18,278,530 |
| Change in net assets | | | | | 284,745 |
| Net assets – beginning | | | | | 27,759,556 |
| Net assets – ending | | | | | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# BALANCE SHEETS -
# GOVERNMENTAL FUNDS
# JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 1,973,380 | $ 160,115 | $(130,284) | $( 26,315) | $ 1,976,896 |
| Investments | 80,775 | -0- | -0- | -0- | 80,775 |
| Taxes receivable, net | 59,176 | -0- | -0- | -0- | 59,176 |
| Food services receivable, net | -0- | 38,054 | -0- | -0- | 38,054 |
| Other receivables | 18,130 | -0- | -0- | -0- | 18,130 |
| Due from other governments: | | | | | |
| State aid receivable | 35,196 | 4,640 | -0- | -0- | 39,836 |
| PEIA allocation receivable | 289,310 | -0- | -0- | -0- | 289,310 |
| Reimbursements receivable | 105,121 | 53,085 | 143,556 | 197,493 | 499,255 |
| **TOTAL ASSETS** | $ 2,561,088 | $ 255,894 | $ 13,272 | $ 171,178 | $ 3,001,432 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities** | | | | | |
| Salaries payable and related payroll liabilities | $ 1,343,384 | $ 46,849 | $ 10,517 | $ -0- | $ 1,400,750 |
| Other post employment benefits payable – state aid funded | 3,620,001 | -0- | -0- | -0- | 3,620,001 |
| Other post employment benefits payable – all other employees | 321,199 | -0- | -0- | -0- | 321,199 |
| PEIA premiums payable | 257,841 | 40,829 | 2,755 | -0- | 301,425 |
| Accounts payable | 10,146 | 27,210 | -0- | 111,530 | 148,886 |
| Deferred revenue | 18,297 | 141,006 | -0- | -0- | 159,303 |
| Total liabilities | 5,570,868 | 255,894 | 13,272 | 111,530 | 5,951,564 |
| **Fund Balances** | | | | | |
| Reserved for: | | | | | |
| Nonspendable | -0- | -0- | -0- | -0- | -0- |
| Restricted | 90,355 | -0- | -0- | -0- | 90,355 |
| Committed | 34,245 | -0- | -0- | 59,648 | 93,893 |
| Assigned | 269,300 | -0- | -0- | -0- | 269,300 |
| Unassigned | (3,403,680) | -0- | -0- | -0- | ( 3,403,680) |
| Total fund balances | (3,009,780) | -0- | -0- | 59,648 | ( 2,950,132) |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 2,561,088 | $ 255,894 | $ 13,272 | $ 171,178 | |

# HARDY COUNTY BOARD OF EDUCATION
# BALANCE SHEETS -
# GOVERNMENTAL FUNDS (CONT'D)
# JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| 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 the funds | | | | | $ 31,247,528 |
| Property taxes receivable and food service billings receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the funds | | | | | 43,720 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds | | | | | |
| Capital leases payable | | | | | ( 296,815) |
| Net assets of governmental activities | | | | | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
# FOR THE YEAR ENDED JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Property taxes | $ 4,968,197 | $ -0- | $ -0- | $ -0- | $ 4,968,197 |
| Other Local sources | 314,011 | 247,189 | -0- | -0- | 561,200 |
| State sources | 12,477,105 | 959,666 | -0- | 2,075,206 | 15,511,977 |
| Federal sources | 678,267 | 2,193,353 | 1,055,776 | -0- | 3,927,396 |
| Miscellaneous sources | 2,761 | -0- | -0- | -0- | 2,761 |
| Total revenues | 18,440,341 | 3,400,208 | 1,055,776 | 2,075,206 | 24,971,531 |
| **Expenditures** | | | | | |
| Instruction | 11,241,529 | 1,386,721 | 1,038,286 | -0- | 13,666,536 |
| Supporting services: | | | | | |
| Students | 761,761 | 306,132 | 9,075 | -0- | 1,076,968 |
| Instructional staff | 838,052 | 309,337 | 2,598 | -0- | 1,149,987 |
| Central administration | 721,726 | 1,370 | -0- | -0- | 723,096 |
| School administration | 1,310,604 | 12 | -0- | -0- | 1,310,616 |
| Business | 225,661 | 1,619 | -0- | -0- | 227,280 |
| Operation and maintenance of facilities | 1,874,094 | 20,000 | -0- | 18,993 | 1,913,087 |
| Student transportation | 1,990,395 | 187,972 | 4,043 | -0- | 2,182,410 |
| Food services | 240,373 | 1,526,948 | -0- | -0- | 1,767,321 |
| Community services | 37,539 | 179,477 | -0- | -0- | 217,016 |
| Capital outlay | 74,082 | -0- | -0- | 2,225,253 | 2,299,335 |
| Debt service: | | | | | |
| Principal retirement | 93,137 | -0- | -0- | -0- | 93,137 |
| Interest and fiscal charges | 15,642 | -0- | -0- | -0- | 15,642 |
| Total expenditures | 19,424,595 | 3,919,588 | 1,054,002 | 2,244,246 | 26,642,431 |
| Excess (deficiency) of revenues over (under) expenditures | ( 984,254) | ( 519,380) | 1,774 | ( 169,040) | ( 1,670,900) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | 13,982 | 541,011 | -0- | 7,939 | 562,932 |
| Transfers (out) | ( 550,108) | ( 11,050) | ( 1,774) | -0- | ( 562,932) |
| Total other financing sources (uses) | ( 536,126) | 529,961 | ( 1,774) | 7,939 | -0- |
| Net change in fund balances | ( 1,520,380) | 10,581 | -0- | ( 161,101) | ( 1,670,900) |
| Fund balances – beginning | ( 1,489,400) | ( 10,581) | -0- | 220,749 | ( 1,279,232) |
| Fund balances (deficit) – ending | $( 3,009,780) | $ -0- | $ -0- | $ 59,648 | $( 2,950,132) |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
# FOR THE YEAR ENDED JUNE 30, 2011

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different due to: | |
| Net change in fund balances – total governmental funds | $ (1,670,900) |
| Governmental funds report capital outlays as expenditures. However, in the statement of net assets, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net assets is the amount by which capital outlays exceed depreciation in the current period. | |
| Depreciation expense | ( 548,807) |
| Capital outlays | 2,408,114 |
| Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased). | |
| Property taxes receivable | ( 8,479) |
| Other miscellaneous conversion adjustment | 1,221 |
| The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net assets. | 93,137 |
| Compensated absences are reported as liabilities in the statement of net assets, but are only reported in governmental funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased. | |
| Accrued vacation payable | 10,459 |
| Change in net assets of governmental activities | $ 284,745 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
# JUNE 30, 2011

| | Agency Funds School Activity Funds |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 435,359 |
| **TOTAL ASSETS** | $ 435,359 |
| **Liabilities** | |
| Due to other funds | $ 435,359 |
| **TOTAL LIABILITIES** | $ 435,359 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2011

## 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:

The Hardy County 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 Net Assets 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.

The accompanying independent auditor's report is an integral part of these notes.

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.

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.

Special Revenue Fund – American Reinvestment and Recovery Act (ARRA): A separate special revenue fund to account for all revenues and expenditures attributable to ARRA funds that are legally restricted to expenditure for specific purposes.

The accompanying independent auditor's report is an integral part of these notes.

Capital Projects Funds: Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

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 the 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 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.

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 60/90 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 in the appropriate fund balance category (restricted, committed or assigned) 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, 2011 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.

The accompanying independent auditor's report is an integral part of these notes.

Investments of the Board at June 30, 2011, consisted of the following:

| | Carrying Amount | Estimated Fair Value | Bank Balance |
|---|---|---|---|
| Certificates of deposit | $ 80,775 | $ 80,775 | $ 80,775 |
| Total investments | $ 80,775 | $ 80,775 | $ 80,775 |

Money market/sweep accounts with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the Board's name. 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.

**F. Food Service receivables:**

The accounts receivable for the Food Service Program has been reduced by $19,975 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.

The accompanying independent auditor's report is an integral part of these notes.

## H. Inventories:

Inventories are valued at cost or, if donated, at fair value when received. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

## I. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## J. Capital Assets:

Capital assets, which include land, 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, furniture, vehicles, and equipment and $100,000 for buildings 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.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 50 |
| Site Improvements | 20 – 35 |
| Furniture and equipment | 5 – 20 |
| Vehicles | 8 – 12 |

The accompanying independent auditor's report is an integral part of these notes.

## K. 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 21 days by the superintendent only for vacation and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of a cash payment at retirement, an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

## L. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

## M. 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.

## N. Fund Equity:

Effective July 1, 2010, the Board adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2011. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

The accompanying independent auditor's report is an integral part of these notes.

## O. Net Assets:

Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net assets are classified as follows:

- **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 grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **Restricted net assets, nonexpendable** – This includes endowment and similar type funds in 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, 2011.

- **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.

## P. 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.

The accompanying independent auditor's report is an integral part of these notes.

### Q. 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.

### R. 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. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

## 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 but do not include amounts for other post employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). 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.

The accompanying independent auditor's report is an integral part of these notes.

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, 2011, 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.

**GENERAL CURRENT EXPENSE FUND**

| | |
|---|---|
| Instruction | $ 2,323,880 |
| Student Support Services | 178,603 |
| Instructional Staff Support Services | 229,620 |
| District Administration Support Services | 153,195 |
| School Administration Support Services | 397,314 |
| Business Services | 45,845 |
| Operation and Maintenance of Facilities | 160,582 |
| Student Transportation | 328,289 |
| Food Services | 239,030 |
| Capital Outlay | 74,082 |
| Community Services | 9,885 |
| Total General Fund | $ 4,140,325 |

**SPECIAL REVENUE FUND**

| | |
|---|---|
| District Administration Support Services | $ 1,370 |
| School Administration Support Services | 12 |
| Total Special Revenue Fund | $ 1,382 |

**ARRA – Special Revenue Fund**

| | |
|---|---|
| Instructional Staff Support Services | $ 2,598 |

The accompanying independent auditor's report is an integral part of these notes.

The overexpenditures in these programs were funded by a reduction of expenditures in the remaining instructional programs, available beginning fund balance, revenues received in excess of the anticipated amounts budgeted, and/or these funds were made available after the year ended by the state department for retirement. Also, the OPEB liability is recorded as expenses for the fiscal year making the functions a deficit in the budget.

### C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2011:

| | |
|---|---|
| General Current Expense Fund | $ (1,520,380) |
| Capital Projects Fund | $ ( 161,101) |

Funds sufficient to provide for the excess expenditures were made available from other sources and the deficiency had no impact on the financial results of the Funds.

The General Fund had a deficit fund balance in the amount of $3,009,780 at June 30, 2011, as a result of the OPEB liability.

## 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 24 – As of July 1, 2010, the Board implemented GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance". This statement requires the Board to record as a revenue and expenditure on behalf payments made by the State to the Consolidated Public Retirement Board for the unfunded liability of the Teachers Retirement System and disclose those amounts in the accompanying notes to the financial statements.

GASB 54 – As of July 1, 2010, the Board implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement changed the terminology used to describe fund balances in the governmental funds and expanded the disclosure of those new definitions in the accompanying notes to the financial statements of the Board for the year ended June 30, 2011.

The accompanying independent auditor's report is an integral part of these notes.

## Note 4 - Risk Management:

The Board is exposed to various risks or 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 lifetime for health and $10,000 of life insurance coverage. Members 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):** 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 a third-party insurance provider, is paid by the employers.

The third-party insurance provider retains the risk related to the compensation of injured employees under the program.

The accompanying independent auditor's report is an integral part of these notes.

## 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 Class I and II property.

Class IV - All real and personal property situated inside of municipalities, exclusive of Class 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 Assessors 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 accompanying independent auditor's report is an integral part of these notes.

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, 2011 were:

| Class of Property | Assessed Valuations For Tax Purposes | Current Expense |
|---|---|---|
| Class I | $ -0- | 19.40¢ |
| Class II | $ 435,556,385 | 38.80¢ |
| Class III | $ 329,073,208 | 77.60¢ |
| Class IV | $ 103,711,329 | 77.60¢ |

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 did not have an excess levy in effect during the fiscal year ended June 30, 2011.

The accompanying independent auditor's report is an integral part of these notes.

## Note 7 - Capital Assets:

Capital assets balances and activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| Capital assets, non-depreciable: | | | | |
| Land | $ 2,357,800 | $ -0- | $ -0- | $ 2,357,800 |
| Construction in process | 413,908 | 2,164,253 | (98,350) | 2,479,811 |
| Total non-depreciable capital assets | 2,771,708 | 2,164,253 | (98,350) | 4,837,611 |
| Capital assets, depreciable: | | | | |
| Buildings and improvements | 30,432,565 | 98,350 | -0- | 30,530,915 |
| Furniture and equipment | 1,138,689 | -0- | -0- | 1,138,689 |
| Vehicles | 2,875,661 | 243,861 | -0- | 3,119,522 |
| Total depreciable capital assets | 34,446,915 | 342,211 | -0- | 34,789,126 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | ( 5,160,998) | ( 362,321) | -0- | ( 5,523,319) |
| Furniture and equipment | ( 805,518) | ( 37,026) | -0- | ( 842,544) |
| Vehicles | ( 1,863,886) | ( 149,460) | -0- | ( 2,013,346) |
| Total accumulated depreciation | ( 7,830,402) | ( 548,807) | -0- | ( 8,379,209) |
| Total depreciable capital assets, net | 26,616,513 | ( 206,596) | -0- | 20,409,917 |
| Total capital assets, net | $ 29,388,221 | $ 1,957,657 | $(98,350) | $ 31,247,528 |

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | |
|---|---|
| Instruction | $ 337,516 |
| Supporting Services: | |
| Instructional staff | 26,288 |
| Central administration | 28,483 |
| School administration | 17,891 |
| Business | 32,160 |
| Operation and maintenance of facilities | 5,653 |
| Transportation | 46,923 |
| Food services | 53,893 |
| Total depreciation expense – governmental activities | $ 548,807 |

The accompanying independent auditor's report is an integral part of these notes.

Fixed assets at June 30, 2011 are recorded at historical cost or estimated historical cost where actual historical cost information was not available.

## Note 8 - Long-term debt:

Long-term liability activity for the year ended June 30, 2011 is as follows:

General Obligation Bonds – General obligation bonds payable at June 30, 2011, with their outstanding balance are comprised of the following individual issues:

| | Balance Beginning of Year | Restatement | Additions | Deductions | Balance End of Year | Amounts due within one year | Amounts due past one year |
|---|---|---|---|---|---|---|---|
| Compensated absences | $ 10,459 | $ -0- | $ -0- | $ 10,459 | $ -0- | $ -0- | $ -0- |
| Capital lease payable | 389,952 | -0- | -0- | 93,137 | 296,815 | 97,416 | 199,399 |
| Long-term liabilities | $ 400,411 | $ -0- | $ -0- | $ 103,596 | $ 296,815 | $ 97,416 | $ 199,399 |

## Note 9 - Leases:

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes. Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Operating lease expenditures for the year ended June 30, 2011 were $33,168.

| Year | |
|---|---|
| 2012 | $ 33,168 |
| 2013 | 17,988 |
| Present value of minimum lease payments | $ 51,156 |

The accompanying independent auditor's report is an integral part of these notes.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment has been installed in several of the schools (or description of other equipment being leased). The equipment is leased for a period of ten years beginning May 13, 2004. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available. The future minimum lease obligations as of June 30, 2011, are as follows:

| Year Ending June 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2012 | 4.50% | $ 97,416 | $ 11,363 | $ 108,779 |
| 2013 | 4.50% | 101,891 | 6,888 | 108,779 |
| 2014 | 4.50% | 97,508 | 2,208 | 99,716 |
| Total | | $ 296,815 | $ 20,459 | $ 317,274 |

## 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, 2011, the Board's total payroll for all employees was $11,823,221 and the payroll was $10,922,497 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) 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.

The accompanying independent auditor's report is an integral part of these notes.

**Trend Information:** Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

**Conversion of leave for post-retirement:** Upon retirement, an employee's 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 or 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 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.

The accompanying independent auditor's report is an integral part of these notes.

**Funding Status:** According to the 2010 Actuarial Valuation Report of the Teachers' Retirement System, the plan's actuarial unfunded liability was $ 4.8 billion as of July 1, 2010.

**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 members' gross compensation to the retirement plan, for a total of 13.5% annually.

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, 2011, and the two previous years were:

| Year ended June 30, | 2009 | 2010 | 2011 |
|---|---|---|---|
| Required contributions | $ 404,547,000 | $ 487,886,000 | $ 471,171,000 |
| Percent of current year covered payroll | 25.89 % | 29.57 % | 28.55 % |

The financial statements include amounts paid for/on behalf of the county by the State of West Virginia for the unfunded liability portion of retirement benefits. The for/on behalf payment for the year ended June 30, 2011 was $2,714,042.

Total payments reflected in the Board's financial statements to the defined benefit plan for FY 2011 were:

| | |
|---|---|
| Employees' contributions (6%) | $ 601,138 |
| Employer's contributions (15% or 7.5%) | 1,007,035 |
| Total contributions | $ 1,608,173 |

### 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.

The accompanying independent auditor's report is an integral part of these notes.

Effective July 1, 2005, the Teachers' 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. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

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: Orchard SecureFoundation Balanced, Orchard Lifetime 2015 Fund II, Orchard Lifetime 2025 Fund II, Orchard Lifetime 2035 Fund II, Orchard Lifetime 2045 Fund II, Orchard Lifetime 2055 Fund II, American Funds EuroPacific R5, Mutual Global Discovery Fund – Z, Heartland Value Plus Inst, Sentinel Small Company I, Vanguard Small-Cap Index Fund – Inv, Scout Mid Cap, Westcore Select, JHancock Large Cap Equity I, Putnam Equity Income Y, Vanguard Large Cap Index Inv, PIMCO Total Return Fund – Admin, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund and Valic Individually Allocated Fixed Annuity.

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, 2010, this plan had approximately $260 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 Great West, 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.

The accompanying independent auditor's report is an integral part of these notes.

**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 FY 2011 were:

| | |
|---|---|
| Employees' contributions (4.5%) | $ 40,661 |
| Employer's contributions (7.5%) | 67,769 |
| Total contributions | $ 108,430 |

## Note 11 - Post Employment Benefits Other Than Pension:

The Governmental Accounting Standards Board (GASB) issued Statement 45 in 2004 to establish standards for the measurement, recognition, and reporting of OPEB expenses/expenditures and related liabilities.

Other post employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001 to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits; vested the responsibility for operation of the fund with the PEIA Board of Finance; required the Board of Finance to adopt actuarial assumptions and determine the annual required contribution (ARC) rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits; required the board to have an actuarial valuation conducted at least biannually; required the Board of Finance to set the total ARC sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles; required the Board of Finance to bill all participating employers their share of the ARC, and; required participating employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.

The accompanying independent auditor's report is an integral part of these notes.

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001 may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

The accompanying independent auditor's report is an integral part of these notes.

Based on the latest actuarial evaluation of the RHBT, the annual required contribution (ARC) for the State and the boards of education for fiscal year ended June 30, 2011 was determined to be:

| | Total | Amount/ Policy Holder |
|---|---|---|
| Total annual required contribution | $ 816,274,000 | $ 10,844 |
| Pay as you go – retiree subsidy | (145,671,196) | ( 1,935) |
| Remaining ARC | $ 670,602,804 | $ 8,909 |

The following summarizes the Board's OPEB activity:

| | |
|---|---|
| Total OPEB expense for fiscal year ending June 30, 2011 | $ 1,873,274 |
| OPEB liability at June 30, 2010 | 2,067,926 |
| OPEB liability at year end | $ 3,941,200 |
| Other post employment benefits payable – state aid funded | $ 3,620,001 |
| Other post employment benefits payable – all other employees | 321,199 |
| | $ 3,941,200 |

It is the opinion of the Board that the State is constitutionally required to appropriate sufficient funds to cover the cost of the ARC for personnel funded through the Public School Support Program (PSSP), however, no additional funds have been appropriated for this purpose as of the date of this report. Furthermore, the Board has elected, pursuant to the provisions of WVC 5-16D-6, not to remit to the RHBT any amount in excess of the minimum annual required premium payment. As a result of this OPEB expense, the board has incurred a deficit in the general current expense fund.

## Note 12 - 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 material 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.

The accompanying independent auditor's report is an integral part of these notes.

## Note 13 – Unassigned Fund Balance – Designated:

The Board has designated a portion of the unassigned balance of the General Current Expense Fund at June 30, 2011 to be expended for the following purposes:

| Purpose | Amount |
|---|---|
| Scholarship Fund | $ 90,355 |
| Total unassigend fund balance - designated | $ 90,355 |

## Note 14 - Fund Balance

The detailed components of the various fund balance categories as of June 30, 2011, are as follows:

**Fund Balance Detail**

| Fund Balances | General Current Expense Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|
| **Nonspendable:** | | | |
| Inventory | $ -0- | $ -0- | $ -0- |
| Prepaid items | -0- | -0- | -0- |
| **Restricted for:** | | | |
| Capital projects | -0- | 59,648 | 59,648 |
| **Committed to:** | | | |
| EHHS House project | 34,245 | -0- | 34,245 |
| Scholarships | 90,355 | -0- | 90,355 |
| **Assigned to:** | | | |
| Encumbrances (see note) | -0- | -0- | -0- |
| Local projects | 269,300 | -0- | 269,300 |
| **Unassigned** | (3,403,680) | -0- | (3,403,680) |
| Total fund balances | $ (3,009,780) | $ 59,648 | $ (2,950,132) |

The accompanying independent auditor's report is an integral part of these notes.

## Note 15 – Commitments, Contingencies and Subsequent Events:

During the fiscal year ended June 30, 2010, the Board was awarded a grant of $4,263,096 from the School Building Authority (SBA) to finance the renovation of Moorefield Elementary School.

During the fiscal year ended June 30, 2010, the Board began pursuing legal action against the State of West Virginia to seek legislative funding through the Public School Support Program to offset the costs of providing other postemployment benefits to employees otherwise funded through the Program. If successful, the Board would receive funding sufficient to satisfy the current liability entitled "other postemployment benefits payable – state aid eligible employees" on the accompanying financial statement and to pay any future amounts billed by PEIA for state aid eligible employees.

## Note 16 - Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| **Due to/from other funds:** | | |
| General Fund | Special Projects | $ 12,824 |
| Capital Fund | General Fund | $ 7,939 |
| Special Funds | General Fund | $ 541,011 |

### Interfund Transfers

*$12,824 was transferred to the General Fund from the Special Revenue Fund of $11,050 and Special Revenue ARRA Fund of $1,774 for indirect costs. The amount of $7,939 transferred to the Capital Fund from General Fund was local share of Safety Access Grant. The Special Fund from General Fund in the amount of $541,011 was local share of food service.*

The accompanying independent auditor's report is an integral part of these notes.

## Note 17 – Major Sources of Revenues:

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.

## Note 18 – Evaluation of Subsequent Events:

The Board of Education's management has evaluated subsequent events through March 16, 2012, the date the financial statements were available to be issued.

The accompanying independent auditor's report is an integral part of these notes.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL CURRENT EXPENSE FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| Property taxes | $ 4,639,828 | $ 4,927,321 | $ 4,968,197 | $ 40,876 |
| Other local sources | 151,260 | 208,803 | 314,011 | 105,208 |
| State sources | 9,728,523 | 9,712,767 | 12,477,105 | 2,764,338 |
| Federal sources | 428,012 | 444,973 | 678,267 | 233,294 |
| Miscellaneous sources | -0- | 2,761 | 2,761 | -0- |
| Total revenues | 14,947,623 | 15,296,625 | 18,440,341 | 3,143,716 |
| **Expenditures** | | | | |
| Instruction | 8,443,418 | 8,917,649 | 11,241,529 | (2,323,880) |
| Supporting services: | | | | |
| Students | 630,090 | 583,158 | 761,761 | ( 178,603) |
| Instructional staff | 539,020 | 608,432 | 838,052 | ( 229,620) |
| District administration | 558,070 | 568,531 | 721,726 | ( 153,195) |
| School administration | 909,290 | 913,290 | 1,310,604 | ( 397,314) |
| Business | 178,190 | 179,816 | 225,661 | ( 45,845) |
| Operation and maintenance of facilities | 1,674,560 | 1,713,512 | 1,874,094 | ( 160,582) |
| Student transportation | 1,568,330 | 1,662,106 | 1,990,395 | ( 328,289) |
| Food services | -0- | 1,343 | 240,373 | ( 239,030) |
| Community services | 24,570 | 27,654 | 37,539 | ( 9,885) |
| Capital outlay | -0- | -0- | 74,082 | ( 74,082) |
| Debt service | 108,780 | 108,780 | 108,779 | 1 |
| Total expenditures | 14,634,318 | 15,284,271 | 19,424,595 | (4,140,324) |
| Excess (deficiency) of revenues over (under) expenditures | 313,305 | 12,354 | ( 984,254) | ( 996,608) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 19,359 | 19,359 | 13,982 | ( 5,377) |
| Transfers (out) | ( 622,664) | ( 608,688) | ( 550,108) | 58,580 |
| Total other financing sources (uses) | ( 603,305) | ( 589,329) | ( 536,126) | 53,203 |
| Change in fund balances | ( 290,000) | ( 576,975) | ( 1,520,380) | ( 943,405) |
| Fund balances – beginning | 290,000 | 576,975 | ( 1,489,400) | (2,066,375) |
| Fund balances (deficit) – ending | $ -0- | $ -0- | $ ( 3,009,780) | $ (3,009,780) |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| Local sources | $ 267,132 | $ 267,132 | $ 247,189 | $ ( 19,943) |
| State sources | 780,601 | 985,468 | 959,666 | ( 25,802) |
| Federal sources | 1,880,537 | 2,300,226 | 2,193,353 | (106,873) |
| Total revenues | 2,928,270 | 3,552,826 | 3,400,208 | (152,618) |
| **Expenditures** | | | | |
| Instruction | 1,213,283 | 1,492,246 | 1,386,721 | 105,525 |
| Supporting services: | | | | |
| Students | 131,669 | 321,441 | 306,132 | 15,309 |
| Instructional staff | 328,578 | 390,867 | 309,337 | 81,530 |
| Central administration | -0- | -0- | 1,370 | ( 1,370) |
| School administration | -0- | -0- | 12 | ( 12) |
| Business | -0- | 3,806 | 1,619 | 2,187 |
| Operation and maintenance of facilities | -0- | 24,000 | 20,000 | 4,000 |
| Student transportation | 205,559 | 221,050 | 187,972 | 33,078 |
| Food services | 1,543,604 | 1,599,381 | 1,526,948 | 72,433 |
| Community services | 62,049 | 200,269 | 179,477 | 20,792 |
| Total expenditures | 3,484,742 | 4,253,060 | 3,919,588 | 333,472 |
| Excess (deficiency) of revenues over (under) expenditures | ( 556,472) | ( 700,234) | ( 519,380) | 180,854 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 607,530 | 607,530 | 541,011 | ( 66,519) |
| Transfers (out) | ( 51,058) | ( 21,936) | ( 11,050) | 10,886 |
| Total other financing sources (uses) | 556,472 | 585,594 | 529,961 | ( 55,633) |
| Change in fund balances | -0- | ( 114,640) | 10,581 | 125,221 |
| Fund balance – beginning | -0- | 114,640 | ( 10,581) | (125,221) |
| Fund balances – ending | $ -0- | $ -0- | $ -0- | $ -0- |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - ARRA
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Amounts | (Unfavorable) |
| **Revenues** | | | | |
| Federal sources | $ 733,054 | $ 1,392,141 | $ 1,055,776 | $ (336,365) |
| Total revenues | 733,054 | 1,392,141 | 1,055,776 | (336,365) |
| **Expenditures** | | | | |
| Instruction | 733,054 | 1,369,350 | 1,038,286 | 331,064 |
| Supporting services: | | | | |
| Students | -0- | 13,752 | 9,075 | 4,677 |
| Instructional staff | -0- | -0- | 2,598 | ( 2,598) |
| Student transportation | -0- | 7,000 | 4,043 | 2,957 |
| Total expenditures | 733,054 | 1,390,102 | 1,054,002 | 336,100 |
| Excess (deficiency) of revenues over (under) expenditures | -0- | 2,039 | 1,774 | ( 265) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | -0- | -0- | -0- | -0- |
| Transfers (out) | -0- | ( 2,039) | ( 1,774) | 265 |
| Total other financing sources (uses) | -0- | ( 2,039) | ( 1,774) | 265 |
| Change in fund balances | -0- | -0- | -0- | -0- |
| Fund balance – beginning | -0- | -0- | -0- | -0- |
| Fund balance – ending | $ -0- | $ -0- | $ -0- | $ -0- |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| State sources | $ -0- | $ 4,045,175 | $ 2,075,206 | $ (1,969,969) |
| Total revenues | -0- | 4,045,175 | 2,075,206 | (1,969,969) |
| **Expenditures** | | | | |
| Capital outlay | -0- | 4,212,998 | 2,225,253 | 1,987,745 |
| Operation and maintenance of facilities | -0- | 60,865 | 18,993 | 41,872 |
| Total expenditures | -0- | 4,273,863 | 2,244,246 | 2,029,617 |
| Excess (deficiency) of revenues over (under) expenditures | -0- | ( 228,688) | ( 169,040) | 59,648 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | -0- | 7,939 | 7,939 | -0- |
| Transfers (out) | -0- | -0- | -0- | -0- |
| Total other financing sources (uses) | -0- | 7,939 | 7,939 | -0- |
| Net change in fund balances | -0- | ( 220,749) | ( 161,101) | 59,648 |
| Fund balance – beginning | -0- | 220,749 | 220,749 | -0- |
| Fund balance – ending | $ -0- | $ -0- | $ 59,648 | $ 59,648 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
## SUPPLEMENTAL INFORMATION
## SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
## FOR THE YEAR ENDED JUNE 30, 2011

| | Cash Balance 07/01/2010 | Revenues Received | Expenditures Paid | Cash Balance 06/30/2011 |
|---|---|---|---|---|
| Moorefield Elementary School | $ 46,718 | $ 60,314 | $ 65,657 | $ 41,375 |
| East Hardy Early Middle School | 58,046 | 113,680 | 105,301 | 66,425 |
| Moorefield Intermediate School | 34,390 | 88,576 | 71,829 | 51,137 |
| Moorefield Middle School | 79,921 | 166,256 | 170,693 | 75,484 |
| East Hardy High School | 126,745 | 239,772 | 233,619 | 132,898 |
| Moorefield High School | 63,764 | 210,187 | 206,511 | 67,440 |
| Food Service: | | | | |
| Moorefield Elementary School | 100 | 32,982 | 32,982 | 100 |
| East Hardy Early Middle School | 100 | 52,024 | 52,024 | 100 |
| Moorefield Intermediate School | 60 | 24,578 | 24,538 | 100 |
| Moorefield Middle School | 185 | 27,856 | 27,941 | 100 |
| East Hardy High School | 100 | 29,258 | 29,258 | 100 |
| Moorefield High School | 100 | 28,891 | 28,891 | 100 |
| Total | $ 410,229 | $ 1,074,374 | $ 1,049,244 | $ 435,359 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

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# 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*

To the Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

We have audited the financial statements of the governmental activities and each major fund, of the Hardy County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Hardy County Board of Education's basic financial statements and have issued our report thereon dated March 16, 2012. 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 the Hardy County 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 the Hardy County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hardy County Board of Education's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardy County 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 certain other matters that we reported to management of Hardy County Board of Education in a separate letter dated March 16, 2012.

This report is intended solely for the information and use of the Board Members, the West Virginia State Auditor's Office, 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.

Tetrick & Bartlett, PLLC

March 16, 2012

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

To The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

## Compliance

We have audited Hardy County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hardy County Board of Education's major federal programs for the year ended June 30, 2011. Hardy County 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 Hardy County Board of Education's management. Our responsibility is to express an opinion on Hardy County 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 the Hardy County 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 the Hardy County Board of Education's compliance with those requirements.

In our opinion, the Hardy County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the Hardy County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hardy County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Hardy County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Hardy County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hardy County Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management, the Board Members, others within the entity, the West Virginia State Auditor's Office, 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.

Tetrick & Bartlett, PLLC
March 16, 2012

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE YEAR ENDED JUNE 30, 2011

## A. Summary of Auditor's Results

### Financial Statements

Type of auditors' report issued: Unqualified Opinion

| | |
|---|---|
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified not considered to be material weaknesses? | None Reported |
| Noncompliance material to financial statements noted? | No |

### Federal Awards

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | None Reported |
| Type of auditors' report issued on compliance for major programs: | Unqualified Opinion |
| Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? | No |

Identification of major programs:

| | |
|---|---|
| **U.S. Department of Agriculture** | |
| ***Child Nutrition Cluster:*** | |
| School Breakfast Program | CFDA #10.553 |
| National School Lunch Program | CFDA #10.555 |
| Summer Food Service Program for Children | CFDA #10.559 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| | |
|---|---|
| **U.S. Department of Education** | |
| ***Title I, Part A Cluster*** | |
| Title I Grants to Local Educational Agencies | CFDA #84.010 |
| **ARRA** – Title I Grants to Local Educational Agencies | CFDA #84.389 |
| ***Special Education Cluster:*** | |
| Special Education – Grants to States | CFDA #84.027 |
| Special Education – Preschool Grants | CFDA #84.173 |
| **ARRA** – Special Education – Grants to States | CFDA #84.391 |
| **ARRA** – State Fiscal Stabilization Fund (SFSF) – Education State Grants | CFDA #84.394 |
| Dollar threshold used to distinguish between Type A and Type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | ___ yes ___X___ no |

## B. Findings - Financial Statements Audit

None

## C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| Passed-through West Virginia Office of the State Auditor Public Utilities Division | | | |
| Secure Payments for States and Counties Containing Federal Lands | 10.665 | N/A | $ 76,784 |
| Pass-through West Virginia Department of Education | | | |
| Child and Adult Care Food Program | 10.558 | 88 | 179,447 |
| ***Child Nutrition Cluster:*** | | | |
| Passed-through State Department of Health and Human Resources – Food Donation – National School Lunch Program | 10.555 | 88 | 128,436 |
| Pass-through the West Virginia Department of Education | | | |
| School Breakfast Program | 10.553 | 88 | 154,952 |
| National School Lunch Program | 10.555 | 88 | 471,144 |
| Summer Food Service Program for Children | 10.559 | 88 | 20,601 |
| Total U.S. Department of Agriculture | | | $ 1,031,364 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Interior** | | | |
| Passed-through West Virginia Office of the State Auditor | | | |
| Program Title | | | |
| Minerals Management Service Royalty Management Program | 15.UNK | N/A | $ 43 |
| Total U.S. Department of Interior | | | $ 43 |
| **U.S. Department Education** | | | |
| Passed through the West Virginia Department of Education | | | |
| Program Title | | | |
| ***Title I Cluster:*** | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 41 | $ 410,243 |
| **ARRA – Title I Grants to Local Educational Agencies** | 84.389 | 41 | 129,529 |
| ***Special Education Cluster:*** | | | |
| Special Education – Grants to States | 84.027 | 43 | 513,902 |
| Special Education – Preschool Grants | 84.173 | 43 | 19,764 |
| **ARRA – Special Education – Grants to States** | 84.391 | 43 | 64,741 |
| Migrant Education – State Grant Programs | 84.011 | 41 | 111,068 |
| Career and Technical Education – Basic Grants to States | 84.048 | 50 | 23,454 |
| Safe and Drug-Free Schools and Communities – State Grants | 84.186 | 48 | 859 |
| Reading First State Grant | 84.357 | 41 | 20,412 |
| English Language Acquisition Grants | 84.365 | 45 | 15,790 |
| Improving Teacher Quality State Grants | 84.367 | 40 | 123,282 |
| **ARRA – Education Jobs Fund** | 84.410 | 52 | 128,451 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department Education (Cont'd)** | | | |
| **ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants** | 84.394 | 52 | $ 733,054 |
| Total U.S. Department of Education | | | $ 2,294,549 |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | | $ 3,325,956 |

N/A = Not available

The accompanying notes are an integral part of this schedule.

# HARDY COUNTY BOARD OF EDUCATION
# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED JUNE 30, 2011

## 1. Basis of Presentation

The accompanying schedule of Expenditures of Federal Awards includes the federal grant activity of the Board of Education and is prepared on the accrual basis of accounting. 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 preparation of the financial statements.

## 2. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The Board received and disbursed $128,436 in food commodities in the Donated Foods Program for the year ended June 30, 2011.

## 3. Secure Payments for State and Counties Containing Federal Lands

Secure Payments for State and Counties Containing Federal Lands CFDA# 10.665 Program expenditures of federal awards is based on the amount of federal funds received. The revenues may be used for various purposes which are part of the general expenditures of the Board. As a result, the total amount of federal revenues received are presumed to be expended during the fiscal year.

# HARDY COUNTY BOARD OF EDUCATION
# SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
# FOR THE YEAR ENDED JUNE 30, 2011

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Reference Number:**

There were no Findings and Questioned Costs relative to federal awards for the prior audit period of July 1, 2009 to June 30, 2010.

T&B

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*Consultants*

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March 16, 2012

The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

In planning and performing our audit of the financial statements of the Hardy County Board of Education for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Board's internal control in our report dated March 16, 2012.) This letter does not affect our report dated March 16, 2012, on the financial statements of the Hardy County Board of Education.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Board personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

***Invoices Dated Prior to the Purchase Orders***

During our tests of disbursements, we noted (2) two invoices that were dated prior to the purchase order date.

We recommend that the purchase order be approved before the actual purchase is made. Therefore, Hardy County Board of Education's management will be provided with a means of maintaining control over purchases to ensure that funds are available and that unauthorized purchases are not made.

### Credit Card Purchases

During our audit we noted (1) one instance where management of the Board of Education did not always obtain a detailed invoice or support for credit card charges.

We recommend that the Hardy County Board of Education management take the necessary steps to ensure that all credit card purchases are approved and supported by detailed invoices or other support documentation.

### Board Member Compensation

We noted during our audit that for (1) one board meeting, the meeting minutes reflected that a member was absent. However, the "Member Present/Absent" log in sheet was noted as the member being present. We recommend that Management of the Board of Education establish procedures so that the meeting minutes are in agreement with the "Member Present/Absent" log in sheet. This procedure is important since the Board member's compensation is based on the number of meetings attended.

We wish to thank the Treasurer and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board Members, management, and others within the Board and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

March 16, 2012

**APPENDIX B**

## ECONOMIC AND DEMOGRAPHIC DATA
## COUNTY OF HARDY (WEST VIRGINIA)

Introduction

Location: Hardy County (the "County") is located in the Eastern Panhandle of West Virginia. Driving distance from the County Seat is approximately 163 miles to Pittsburgh, PA, 125 miles to Washington, DC, 156 miles to Baltimore, MD and 208 miles to Charleston, WV.

County Seat: Town of Moorefield, West Virginia

The County: The County is governed by, and generally acts through, The County Commission of Hardy County. The Commissioners of the County Commission are elected on a countywide basis. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.

Commissioners: Michael Teets, President
AJ Wade, Commissioner
William KeplingerJr., Commissioner

Population

| Year | Hardy County | West Virginia | United States |
|---|---|---|---|
| 2010 | 14,069 | 1,854,368 | 309,330,219 |
| 2009 | 13,885 | 1,847,775 | 306,771,529 |
| 2008 | 13,793 | 1,840,310 | 304,093,966 |
| 2007 | 13,807 | 1,834,052 | 301,231,207 |
| 2006 | 13,611 | 1,827,912 | 298,379,912 |

Source: U.S. Bureau of Economic Analysis

**Per Capita Personal Income**

| County | Rank in State In 2010 | 2010 | 2006 |
|---|---|---|---|
| United States | --- | $38,846 | $37,725 |
| West Virginia | --- | $32,042 | $28,372 |
| Hardy County | 45 | $25,222 | $23,426 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Largest Employers in County (2011)**

| Employer |
|---|
| 1. Pilgrim's Pride Corporation of West Virginia |
| 2. American Woodmark Corporation |
| 3. Hardy County Board of Education |
| 4. Wal-Mart Associates, Inc. |
| 5. Eastern WV Community & Technical College |
| 6. Summit Community Bank, Inc. |
| 7. Grant County Mulch, Inc. |
| 8. E. A. Hawse Nursing and Rehabilitation Center, Inc. |
| 9. E. A. Hawse Health Center, Inc. |
| 10. Hardy County Commission |

**Average Annual Unemployment Rates (%)**

| Year | Hardy County | West Virginia | U.S. |
|---|---|---|---|
| 2011 | 8.4 | 8.0 | 8.9 |
| 2010 | 10.3 | 8.5 | 9.6 |
| 2009 | 9.2 | 7.7 | 9.3 |
| 2008 | 4.5 | 4.2 | 5.8 |
| 2007 | 3.8 | 4.2 | 4.6 |

Source: WORKFORCE West Virginia; U.S. Department of Labor, Bureau of Labor Statistics

**Average Employment and Annual Wage**

| | Average Employment | | Average Weekly Wage | |
|---|---|---|---|---|
| | 2011 | 2006 | 2011 | 2006 |
| Hardy County | 5,851 | 6,746 | 624.71 | 481.87 |
| West Virginia | 701,871 | 705,281 | $751.77 | $629.31 |

**Average Annual Employment by Industry**

| Industry | 2011 | 2006 |
|---|---|---|
| Natural Resources | 48 | 75 |
| Construction | 109 | 194 |
| Manufacturing | 2,816 | 3,601 |
| Trade, Transportation & Utilities | 748 | 879 |
| Information | 87 | 84 |
| Financial Activities | 158 | 172 |
| Professional & Business Services | 179 | 150 |
| Education & Health Services | 462 | 351 |
| Leisure & Hospitality | 325 | 409 |
| Government | 830 | 748 |
| Other | 89 | 83 |
| TOTAL | 5,851 | 6,746 |

**Wages Per Industry (2011) ($)**

| Industry | Total Wages | Average Annual Wage |
|---|---|---|
| Natural Resources | 1,741,927 | 36,290 |
| Construction | 3,388,021 | 31,083 |
| Manufacturing | 83,287,680 | 29,577 |
| Trade, Transportation & Utilities | 18,353,222 | 24,536 |
| Information | 2,639,982 | 30,345 |
| Financial Activities | 5,069,560 | 32,086 |
| Professional & Business Services | 6,650,288 | 37,152 |
| Education & Health Services | 12,920,222 | 27,966 |
| Leisure and Hospitality | 3,695,430 | 11,371 |
| Government | 24,647,598 | 29,696 |
| Other Services | 2,808,306 | 22,638 |
| TOTAL | 164,474,236 | 28,110 |

**Total Wages ($)**

| Year | Hardy County | West Virginia |
|---|---|---|
| 2011 | 164,474,236 | 27,437,330,374 |
| 2010 | 165,021,306 | 26,100,976,332 |
| 2009 | 160,267,165 | 25,528,702,813 |
| 2008 | 164,585,483 | 25,534,204,980 |
| 2007 | 170,677,151 | 24,083,126,318 |

**APPENDIX C**

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Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

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Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

_____, 2012

The Board of Education of the County of Hardy
Moorefield, West Virginia

Re: $21,545,000 The Board of Education of Hardy County
[West Virginia] Public School Bonds, Series 2012

Dear Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of $21,545,000 Public School Bonds, Series 2012 (the "Bonds"), of Hardy County School District, by and through The Board of Education of the County of Hardy (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated _____, 2012, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2013, at the rates set forth in the Official Statement of the Issuer, dated October __, 2012.

The Bonds were authorized at the primary election held in the Hardy County School District on May 8, 2012, and by a Resolution and Order adopted by the Issuer on January 30, 2012, as supplemented (such Resolution and Order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation, repair and equipping of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Hardy County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution, a Tax and Arbitrage Certificate of the Issuer dated the date hereof (the "Tax Certificate") and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representatives, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authorized.

Very truly yours,

**APPENDIX D**

# HARDY COUNTY BOARD OF EDUCATION
# PROPOSED PROJECTS

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | $19,459,304 |
| **Moorefield High School**<br><br>Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | $23,630,696 |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090,000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

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**APPENDIX E**

## BOOK-ENTRY ONLY SYSTEM

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 the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

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. 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.

10. 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.

11. 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.

## ELECTED OFFICIALS OF THE BOARD

### Board Members:

**Margaret Shriver, President**

Shriver graduated from Moorefield High School in 1977 and attended West Virginia University and Shepherd College. She is the Vice President/Financial Center Manager at Pendleton Community Bank in Moorefield, WV. This is her second term as a board member of Hardy County Schools. Shriver represents the Board on the Regional Educational Service Agencies Committee. She attends Believer's Victory Center in Moorefield.

Margaret Shriver is married to Allen "Pete" Shriver and they have three children and three grandchildren.

**Loy D. Kesner, Vice-President**

Kesner graduated from Moorefield High School in 1982. He is the owner and operator of Panhandle Technologies. He is a paramedic and has served the community for 16 years with the local ambulance squad. This is his second term as a board member of Hardy County Schools. Kesner represents the Board on the South Branch Career and Technical Center Committee. He is a member of the deacon board at Petersburg First Baptist Church.

Loy Kesner is married to Paula Leatherman Kesner. He is the father of three children and three grandchildren.

**Rodney Barr, Board Member**

Barr graduated from Moorefield High School in 1979. He is employed by Valley View Golf Course as Superintendent. He is the owner and operator of Barr's Repair. This is his first term as a board member of Hardy County Schools. Barr represents the Board on the Hardy County Parks and Recreation Committee. He is a member of the Oak Dale Christian Church at Rig, WV.

Rodney Barr is married to Tina Snyder Barr. He is the father of two children.

**Dixie T. Bean, Board Member**

Bean is a 1972 graduate of West Virginia University School of Pharmacy and retired from CVS in 2005. She continues to practice pharmacy part-time at E. A. Hawse Clinic Pharmacies in Baker and Wardensville. Bean is also a Paramedic and runs with Fraley Ambulance Service in Moorefield. Bean represents the Board on the Hardy County Local Emergency Planning Council and the Community Development Committees. She is, also, on the Board of Governors of Eastern WV Community and Technical College, Hardy County Board of Health, a RESA VIII instructor, Hardy County Parks and Recreation Commission and Coordinator of the Hardy County Training Center of the American Heart Association.

Dixie Bean is married to attorney Oscar M. Bean and they have two daughters and two grandchildren.

**Nancy Hahn, Board Member**

Hahn graduated from Wardensville High School in 1975 and Marshall University in 1986 with a degree in Early Childhood Education. She is currently employed by her oldest son, Joseph Hahn Enterprizes, PLLC. This is her second term on the Hardy County Board of Education. Hahn represents the Board on the Hardy County Extension Service Board and the 4-H Camp Association.

Hahn looks forward to serving the people of Hardy County. "It is going to be an exciting and busy time for all of us with the construction of the two high schools."
Nancy Hahn was born and raised in Wardensville, WV. The daughter of the late Charles "Pete" Vance and Virginia Vance, both were teachers for Hardy County Schools. She has four sons, all graduates of East Hardy High School, and seven grandchildren.

## APPOINTED OFFICIALS OF THE BOARD

### SUPERINTENDENT

**Barbara Whitecotton, Superintendent of Hardy County Schools:**

Whitecotton began her career in education in 1972 as a teacher of special education students in the Pendleton County School system. She moved to Hardy County in 1977 and began teaching special education students at Moorefield High School. In 1993, she began her administrative career by accepting an assistant principal's position at East Hardy Early Middle School. In 1997, she became the first principal of the newly opened Moorefield Middle School. After serving as principal for eight years, she was promoted to the Central Office as Assistant Superintendent and in 2004; she accepted the position of Superintendent of School for Hardy County.

Whitecotton is a native of the South Branch Valley. Her early years were spent in Pendleton County, but she has lived in Hardy County since 1977. Whitecotton has dedicated her life to her career in education and serving the needs of students.

### TREASURER

**Veeta Burgess, Treasurer of Hardy County Schools.**

Burgess earned a bachelor's degree in Business with a minor in Accounting from Shepherd University in December of 1992. Burgess began her career with Hardy County Schools in October 1993 as the Finance Director. She is a member of West Virginia School Business Officials.

She is married to Daniel Burgess and they have 3 children and 7 grandchildren.

**APPENDIX G**

## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of _____, 2012, is by and between the Board of Education of the County of Hardy (the "Board") and United Bank, Inc., as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 (the "Series 2012 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof. The Board agrees as follows:

**SECTION 1**. Purpose of Agreement. This Agreement is being executed and delivered by the Board and the Disclosure Agent for the benefit of the holders and beneficial owners of the Series 2012 Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

**SECTION 2.** Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2012 Bonds in Appendix A entitled "Audit Report of Jefferson County Board of Education for Fiscal Year Ended June 30, 2011," which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Board's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries).

"Disclosure Agent" shall initially mean United Bank, Inc. and any later appointed Disclosure Agent or any successor Disclosure Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Disclosure Representative" shall mean the Treasurer of the Board.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2012 Bonds who are required to comply with the Rule in connection with offering of the Series 2012 Bonds.

"Repository" shall mean each National 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.

"Series 2012 Bonds" shall mean the $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012.

**SECTION 3.** Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than 270 days after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2012(FY 2012), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements 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 Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

**SECTION 4.** Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Board or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Board shall clearly identify each such other document so included by reference.

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2012 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other events affecting the tax status of the Series 2012 Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the 2012 Series Bond, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Board[1];

13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Disclosure 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 Board promptly notify the Disclosure Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

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[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

**SECTION 6.** Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds. If such termination occurs prior to the final maturity of the Series 2012 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

**SECTION 7.** Disclosure Agent. United Bank, Inc. is hereby appointed as Disclosure Agent. The Board may, from time to time, appoint or engage an alternate or successor Disclosure Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Disclosure Agent. The Disclosure Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Agreement.

**SECTION 8.** Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Board and the Disclosure Agent may amend this Agreement, and any provision of this 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 the Board with respect to the Series 2012 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 Series 2012 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 Series 2012 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, 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. 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 any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements 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 Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

**SECTION 10.** Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**SECTION 11.** Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Board: The Board of Education of the County of Hardy

To the Disclosure Agent: United Bank, Inc.
ATTN: Corporate Trust
500 Virginia Street, East
Charleston, WV 25301-2135

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 12.** Beneficiaries. This Agreement shall inure solely to the benefit of the Board, the Disclosure Agent, the Underwriter and holders and beneficial owners from time to time of the Series 2012 Bonds, and shall create no rights in any other person or entity.

**SECTION 13.** Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 14.** Fees. The Board agrees to pay all fees and expenses of the Disclosure Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Disclosure Agent's duties.

**SECTION 15.** Right to Resign. The Disclosure Agent may resign at any time by providing thirty (30) days' written notice to the Board.

**SECTION 16.** Right to Counsel. The Disclosure Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

**SECTION 17.** Duties of Disclosure Agent. The Disclosure Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Disclosure Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Disclosure Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Disclosure Agent in its individual capacity may be sold or otherwise transferred, shall be the Disclosure Agent under this Agreement without further act. Anything in this Agreement to the contrary notwithstanding, in no event shall the Disclosure Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Disclosure Agent has been advised of such loss or damage and regardless of the form of action. The Board will, for the benefit of the Disclosure Agent and Disclosure Agent's employees, directors, agents, subsidiaries, affiliates, successors and assigns, assume all liability and/or be responsible to pay for any and all claims, demands, causes of action, losses, damages, liabilities, penalties, costs and expenses (including reasonable attorney's fees) relating to this Agreement, to the extent assessed by a court of competent jurisdiction.

**IN WITNESS WHEREOF**, the Board and the Disclosure Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: _____

UNITED BANK, INC., as Disclosure Agent

By: _____

Its: _____

Date: _____, 2012

**EXHIBIT A**

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Board of Education of the County of Hardy

Name of Bond Issue: $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

Date of Bond Issue: _____, 2012

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of _____, 2012, to be provided. The Board anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

United Bank, Inc., as Disclosure Agent
on behalf of the Board

cc: Board

**APPENDIX H**

## OFFICIAL NOTICE OF SALE

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

The Board of Education of the County of Hardy, West Virginia, (the "Board") is using PARITY® as a communication mechanism to conduct the electronic bidding for sale of its $21,545,000 Public School Bonds, Series 2012 (the "Series 2012 Bonds"), as described herein.

**Bid Submission**

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until **11:30 AM, Local Time**, on October 11, 2012. Bids for the Series 2012 Bonds may be submitted electronically via PARITY® pursuant to this Notice until **11:30 AM, Local Time**, but no bid will be accepted after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at 304.343.7102 or PARITY® at 1359 Broadway, 2nd Floor, New York, NY 10018, telephone 212.849.5021. The bids will be publicly announced, and the Board will act upon the bids by 2:00 p.m., Local Time.

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY®. No in person or fax bids will be accepted. Subscription to PARITY® is required in order to submit an electronic bid and the Board will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. No other form of electronic bid or provider of electronic bidding services will be accepted.

For the purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all electronic bids submitted.

Each bid must be unconditional.

The Board expects to take the bids on the Series 2012 Bonds on October 11, 2012. However, the Board reserves the right to postpone the date and time established for the receipt of the bids or to change the bidding parameters set forth in this Official Notice of Sale. Any such postponement or change will be announced by TM3, or any other such service. If the receipt of bids is postponed, any alternative date for receipt of bids will be announced. Any bidder must submit an electronic bid for the purchase of the Series 2012 Bonds on such alternative sale date in conformity with the provisions of the Official Notice of Sale, except for any changes announced via TM3 or any other such service, as described therein.

**Preliminary Official Statement**

Copies of the Preliminary Official Statement concerning the Series 2012 Bonds and the Official Form of Proposal relating to the Series 2012 Bonds may be secured from Barbara Whitecotton, Superintendent, Hardy County Board of Education, 510 Ashby Street, Moorefield, West Virginia, 26836 telephone 304-530-2348 or from Piper Jaffray & Co., 405 Capital Street, Suite 613, Charleston, West Virginia, 25301, telephone 304.343.7102.

**The Series 2012 Bonds**

The Series 2012 Bonds will be dated the date of their delivery (the "Dated Date") and will mature on June 1 in the years and in the amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

The Series 2012 Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. All the taxable property in Hardy County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Series 2012 Bonds when due.

The Series 2012 Bonds will be dated the Date of Delivery, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2012 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 Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds.

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated United Bank, Charleston, West Virginia, as the Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Series 2012 Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Series 2012 Bonds.

**Optional Redemption**

The Series 2012 Bonds maturing on or after June 1, 2023, are subject to redemption on or after June 1, 2022, at the option of the Board, in whole at any time or in part on any interest payment date,

from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2012 Bonds and the amounts thereof to be redeemed, provided that the Series 2012 Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Series 2012 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2012 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2012 Bonds having been deposited, the Series 2012 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2012 Bonds shall cease to bear interest.

**Insurance at Bidder's Option**

If the Series 2012 Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Series 2012 Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Series 2012 Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Series 2012 Bonds.

**Terms of Sale**

Bidders may only bid to purchase all of the Series 2012 Bonds. Each proposal must state the amount bid for the Series 2012 Bonds, not less than $21,545,000 or greater than 105% of the par value of the Series 2012 Bonds, and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Series 2012 Bonds are to bear, but must <u>not</u> state:

(a) any interest rate which is in excess of 6.50% per annum,

(b) more than one interest rate for any Series 2012 Bonds having like maturity, and

(c) any interest rate for Series 2012 Bonds which exceeds the interest rate stated in such proposal for any other Series 2012 Bonds by more than three percent (3%).

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

**Award**

The Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Series 2012 Bonds at the lowest true interest cost ("TIC"). For the purpose of determining the successful bidder, the true interest cost (TIC) will be the annual interest rate based on a 360-day year or twelve-30 day months, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Series 2012 Bonds to the date of delivery of the Bonds, results in an amount equal to the bid price for the Series 2012 Bonds. If there is more than one such proposal making such offer at the same lowest cost, the Series 2012 Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest TIC.

The Board reserves the right to reject any or all bids and to reject any bid not complying with this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid.

**Good Faith Deposit**

A good faith deposit in the amount of $430,900 (the "Good Faith Deposit") is required in connection with the sale of the Series 2012 Bonds. The Good Faith Deposit may be provided for by (i) a certified, bank cashier's, treasurer's or official check drawn upon or certified by a responsible banking institution and made payable to the order of the "The Board of Education of Hardy County, West Virginia", delivered at or prior to the time of bid, or (ii) a federal funds wire transfer to be submitted to the Board by the successful bidder not later than 3:00 P.M., Local Time, on the Date of Sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers". The Good Faith Deposit of the successful bidder will be collected and the proceeds thereof retained by the Board to be applied in partial payment of the Series 2012 Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages. Checks of unsuccessful bidders will be returned promptly after the Series 2012 Bonds are awarded to the successful bidder.

If the successful bidder chooses to deliver its Good Faith Deposit by federal funds wire transfer, the Board will distribute wiring instructions for the Good Faith Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Good Faith Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2012 Bonds to the successful bidder may be cancelled by the Board in its discretion without any financial liability of the Board to the successful bidder or any limitation whatsoever on the Board's right to sell the Series 2012 Bonds to a different purchaser upon such terms and conditions as the Board shall deem appropriate.

**Certificate of Winning Bidder**

The successful bidder will be required to provide to the Financial Advisor by facsimile transmission to (304) 551-0228 within one-half (½) hour after the verbal award of the Series 2012 Bonds the initial offering price/yields of the Series 2012 Bonds to the public (excluding bond houses and brokers). The successful bidder also must submit to the Board an underwriter's certificate in the form attached hereto as Exhibit A (the "Underwriter's Certificate"), the form of which has been approved by Bond Counsel, prior to the delivery of the Series 2012 Bonds. By submitting its bid, each bidder agrees that, if it is awarded the Series 2012 Bonds, it will either retain the Series 2012 Bonds as a long term investment for its own account or make a bona fide public offering of the Series 2012 Bonds of each maturity to the public after the award at an initial offering price as stipulated herein. It shall be a condition of the Board's obligation to deliver the Series 2012 Bonds that the successful bidder provide documentation as to its compliance with such requirements for purposes of the Internal Revenue Code of 1986, as amended, in form and substance satisfactory to Bond Counsel, including but not limited to the Underwriter's Certificate.

**Delivery of the Series 2012 Bonds**

The Series 2012 Bonds will be delivered upon payment of the balance of the purchase price in Federal Funds payable to the order of "The Board of Education of the County of Hardy, West Virginia". It is expected that the Series 2012 Bonds will be available for delivery to The Depository Trust Company in New York, New York, on or about October 25, 2012, on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

**Opinions of Bond Counsel**

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2012 Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2012 Bonds is not includable in gross income of the owners thereof for federal income tax purposes and that the Series 2012 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. Said opinion shall also contain further statements to the effect that the enforceability of rights or remedies with respect to the Series 2012 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Series 2012 Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Series 2012 Bonds, including (i) a certificate dated the date of delivery of the Series 2012 Bonds, stating that there is no litigation pending or threatened affecting the validity of the Series 2012 Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Series 2012 Bonds, (ii) a certificate dated the date of delivery of the Series 2012 Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Series 2012 Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2012 Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Series 2012 Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Series 2012 Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Series 2012 Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Series 2012 Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Series 2012 Bonds and investment earnings thereon on certain specified purposes. The Series 2012 Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Series 2012 Bonds are binding obligations of the Board and are incontestable.

**Final Official Statement**

Within seven (7) business days after the award of the Series 2012 Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Series 2012 Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Series 2012 Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Series 2012 Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Series 2012 Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. The Board reserves no responsibility or obligation for the distribution of the Official Statement to anyone other than the successful bidder. Within seven (7) business days after the award of the Series 2012 Bonds, the successful bidder will also be furnished, without cost, up to 50 copies of the Official Statement (and any amendment or supplement thereto).

**CUSIP**

It is anticipated that CUSIP identification numbers will be printed on the Series 2012 Bonds, but neither the failure to print such numbers on any Series 2012 Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2012 Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Series 2012 Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: Barbara Whitecotton, Superintendent

DATE: September 26, 2012

**EXHIBIT A**

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

**FORM OF CERTIFICATE OF UNDERWRITER**

_____ (the "Underwriter"), as underwriter of the Series 2012 Bonds identified above, issued by The Board of Education of Hardy County, West Virginia (the "Issuer"), based on its knowledge regarding the sale of the Series 2012 Bonds, certifies as of this date as follows:

1. All of the Series 2012 Bonds were offered to the general public in a bona fide public offering at the initial offering prices set forth on Exhibit A attached hereto (the "Initial Offering Price" as applicable to the respective maturities). The fair market value of the Series 2012 Bonds is not in excess of the Initial Offering Price. The Issue Price of the Series 2012 Bonds, based upon the reasonable expectations of the Underwriter as of the date of the initial offering is $ 21,545,000. Except for the ____, ____, ____, ____ and ____ maturities, a substantial amount of each maturity of the Series 2012 Bonds (in excess of 10% of each maturity) was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters of wholesalers) at the Initial Offering Price applicable to such maturity.

2. At the Issuer's direction, based upon our participation in the transaction and our knowledge and experience with bond insurance (in which the credit enhancer has no involvement other than as a credit enhancer), and, as to (b) below, based on estimates by the Underwriter of the likely Yields at which such obligations may have sold in the absence of the bond insurance:

(a) The premium paid for the Bond Insurance on the Series 2012 Bonds does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by credit enhancers in similar transactions with which the Underwriter is familiar.

(b) The present value of the premium paid for the Bond Insurance is less than the present value of the interest reasonably expected to be saved on the Series 2012 Bonds as a result of the Bond Insurance, for which purpose present value is computed by using the yield-to-maturity (or prior optional redemption date, if applicable) of the Series 2012 Bonds (taking into account both the premium paid for the Bond Insurance) as the discount rate.

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

The signer is an officer of the Underwriter and 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 and Non-Arbitrage Certificate and in completing and filing the Information Return for the Series 2012 Bonds, and by Bowles Rice LLP, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Series 2012 Bonds.

Dated _____, 2012

[_____UNDERWRITER_____]

By: _____
Its:

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## OFFICIAL FORM OF PROPOSAL

Barbara Whitecotton, Superintendent
Hardy County Board of Education
510 Ashby Street
Moorefield, West Virginia, 26836

Superintendent:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated September 26, 2012, which are hereby made part of this bid, we offer to purchase all of the $21,545,000, the Board of Education of the County of Hardy (West Virginia), Public School Bonds, Series 2012 (the "Series 2012 Bonds"), described in said Official Notice of Sale, for the price of $21,545,000 plus a premium of $_____ (not to exceed 105% of the par value of the Series 2012 Bonds). The Series 2012 Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

| Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Maturing (June 1) | Principal Amount ($) | Interest Rate (%) |
|---|---|---|---|---|---|
| 2013 | 1,055,000 | _____ | 2022 | 1,180,000 | _____ |
| 2014 | 830,000 | _____ | 2023 | 1,230,000 | _____ |
| 2015 | 865,000 | _____ | 2024 | 1,285,000 | _____ |
| 2016 | 905,000 | _____ | 2025 | 1,345,000 | _____ |
| 2017 | 945,000 | _____ | 2026 | 1,405,000 | _____ |
| 2018 | 990,000 | _____ | 2027 | 1,465,000 | _____ |
| 2019 | 1,030,000 | _____ | 2028 | 1,535,000 | _____ |
| 2020 | 1,080,000 | _____ | 2029 | 1,600,000 | _____ |
| 2021 | 1,125,000 | _____ | 2030 | 1,675,000 | _____ |

Please check one of the following:

- ☐ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Hardy for $430,900 which check is to be applied in accordance with said Official Notice of Sale.

- ☐ Will wire funds in the amount of $430,900 by 3:00 pm, local time, day of bid, if successful.

Name of Bidder: _____

By: _____

Telephone: _____

(No addition or alteration, except as provided above, is to be made to this bid. Please attach a list of syndicate members, as applicable.)

The foregoing proposal is hereby accepted this _____ day of _____, 2012

By: _____, The Board of Education of the County of Hardy

The following is included for informational purposes only and is not a part of the bid:

True Interest Cost (Computed in accordance with the Official Notice of Sale) _____%

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By:_____

**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 Series 2012 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. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2012 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX MATTERS" herein*

# $21,545,000
# The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

**Dated: Date of Delivery**

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

The Board of Education of the County of Hardy (West Virginia), Public School Bonds, Series 2012 (the "Series 2012 Bonds") are general obligations of The Board of Education of the County of Hardy, West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Hardy County School District to pay the Series 2012Bonds and the interest thereon, without limitation as to rate or amount.

The Series 2012 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 Series 2012 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 Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds.

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated United Bank, Inc., Charleston, West Virginia, as Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Series 2012 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 Series 2012 Bonds, as described herein.

The Series 2012 Bonds are subject to redemption prior to maturity as described herein.

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

| Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP* Base #: 412444 | Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP** Base #: 412444 |
|---|---|---|---|---|---|---|---|---|---|
| 2013 | 1,055,000 | 2.00% | 0.35% | BEO | 2022 | 1,180,000 | 2.00% | 2.00% | BP5 |
| 2014 | 830,000 | 2.00% | 0.45% | BF7 | 2023 | 1,230,000 | 2.00% | 2.10% | BQ3 |
| 2015 | 865,000 | 2.00% | 0.50% | BG5 | 2024 | 1,285,000 | 2.25% | 2.25% | BR1 |
| 2016 | 905,000 | 2.00% | 0.60% | BH3 | 2025 | 1,345,000 | 2.25% | 2.35% | BS9 |
| 2017 | 945,000 | 2.00% | 0.75% | BJ9 | 2026 | 1,405,000 | 2.45% | 2.45% | BT7 |
| 2018 | 990,000 | 2.00% | 1.00% | BK6 | 2027 | 1,465,000 | 2.50% | 2.55% | BU4 |
| 2019 | 1,030,000 | 2.00% | 1.20% | BL4 | 2028 | 1,535,000 | 2.625% | 2.75% | BV2 |
| 2020 | 1,080,000 | 2.00% | 1.50% | BM2 | 2029 | 1,600,000 | 3.00% | 2.90%* | BW0 |
| 2021 | 1,125,000 | 2.00% | 1.75% | BN0 | 2030 | 1,675,000 | 3.00% | 3.00% | BX8 |

The Series 2012 Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice LLP, Morgantown, West Virginia, West Virginia, Counsel to the Board. It is expected that the Series 2012 Bonds will be available for delivery to DTC, New York, New York on or about October 25, 2012.

Crews&Associates
Member First Security Bancorp

Dated: October 11, 2012

*Priced to the first optional redemption date of June 1, 2022.

**See inside cover for footnote.

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

**ELECTED OFFICIALS**

Margaret Shriver, President
Loy Kesner, Vice President
Rodney Barr, Board Member
Dixie Bean, Board Member
Nancy Hahn, Board Member

**APPOINTED OFFICIALS**

Barbara Whitecotton, Superintendent
Veeta Burgess, Treasurer

**BOARD'S COUNSEL**

Bowles Rice LLP
Morgantown, West Virginia

**BOND COUNSEL**

Bowles Rice LLP
Charleston, West Virginia

**FINANCIAL ADVISOR**

Piper Jaffray & Co.
Charleston, West Virginia

*CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included on this cover page solely for the convenience of the Owners of the Series 2012 Bonds only at the time of issuance of the Series 2012 Bonds. Neither the Underwriters nor the Board makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the issuance of the Series 2012 Bonds.

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

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 in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Hardy, 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.

The information contained in this Official Statement has been obtained by the Financial Advisor from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. 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.

Forward-Looking Statements

This Official Statement, and particularly the information contained in the caption "HARDY COUNTY SCHOOL DISTRICT" and "CERTAIN FINANCIAL INFORMATION" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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**OFFICIAL STATEMENT**
**RELATING TO**

# $21,545,000
# The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

## INTRODUCTION

This Official Statement provides certain information in connection with the sale of $21,545,000 in aggregate principal amount of The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 (the "Series 2012 Bonds"). A brief description of The Board of Education of the County of Hardy, West Virginia (the "Board"), the Hardy County School District (the "School District") and the County of Hardy, West Virginia (the "County" or "Hardy County"), with which the School District is coterminous, is provided, together with a description of the Series 2012 Bonds and sources of payment therefor.

The Series 2012 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.

The Board has no other outstanding Public School General Obligation Bonds.

## SERIES 2012 BONDS

General

The Series 2012 Bonds will be dated the date of delivery, will be issued as fully registered bonds in $5,000 denominations or integral multiples thereof, and are payable on June 1, in the years and amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its Paying Agent (the "Paying Agent"). The Board has designated United Bank, Inc., Charleston, West Virginia, as the Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semi-annually thereafter (each June 1 and December 1) in each year until 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 Series 2012 Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Series 2012 Bonds maturing on or after June 1, 2023, are subject to redemption on or after June 1, 2022, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2012 Bonds and the amounts thereof to be redeemed, provided that the Series 2012 Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Series 2012 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2012 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2012 Bonds having been deposited, the Series 2012 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2012 Bonds shall cease to bear interest.

Authority and Purpose

*Authority*

The issuance of the Series 2012 Bonds and the levy of taxes sufficient to pay the interest on the principal of such Series 2012 Bonds were authorized and approved at the countywide general election held on May 8, 2012 pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 18 and ½ years from the date of issuance of the Series 2012 Bonds and an interest rate not exceeding 6.50% per annum. The canvass of said special election showed 1,998 "Yes" votes and 1,573 "No" votes, a 56% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

*Purpose*

To provide funds for making certain improvements in the School District as described in "Proposed Projects" in Appendix D.

Nature of Obligation, Security and Source of Payments

The Series 2012 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 Series 2012 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

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, the West Virginia Municipal Bond Commission (the "Bond Commission") shall serve as fiscal agent for all issuers of general obligation bonds issued by counties, municipalities, and school districts of the State and is charged with the administration of the interest and sinking funds created to service the debt. 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 2012 Budget Bill is indicative:

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

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal of or interest on any general obligation bonds issued by The Board of Education of the County of Hardy. The enforceability of rights or remedies with respect to the Series 2012 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

## HARDY COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2014, the terms of 3 members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2012-2013, the Hardy County school system has an administrative staff of 6 with the overall responsibility to coordinate and supervise the activities of 10 school administrators, 159 instructional staff (teachers and other professionals), and 110 service personnel. Total Full Time Equivalent positions are 282. The estimated pupil-teacher ratio for the 2012-2013 school year is 14 to 1 (combined elementary, middle and secondary schools). The total student enrollment (head count) is 2279 students K-12.

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

| Grades | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
|---|---|---|---|---|
| **PK-EC** | 108 | 119 | 116 | 128 |
| **K** | 180 | 183 | 189 | 185 |
| **1** | 185 | 177 | 171 | 168 |
| **2** | 175 | 165 | 180 | 157 |
| **3** | 153 | 181 | 158 | 171 |
| **4** | 164 | 146 | 184 | 166 |
| **5** | 169 | 164 | 142 | 173 |
| **6** | 182 | 168 | 164 | 150 |
| **7** | 170 | 177 | 178 | 164 |
| **8** | 184 | 173 | 174 | 168 |
| **9** | 185 | 196 | 181 | 189 |
| **10** | 175 | 152 | 168 | 162 |
| **11** | 167 | 148 | 144 | 159 |
| **12** | 156 | 158 | 148 | 139 |
| **Total** | **2353** | **2307** | **2297** | **2279** |

| Rate of Increase (Decrease) in Enrollment | |
|---|---|
| 2008-09 to 2011-12 | -3.15% |
| Average Annual | -1.05% |

Source: Hardy County Board of Education

Projected Enrollment*

| Year (October) | Enrollment (School Year) |
|---|---|
| 2013 | 2,314 |
| 2014 | 2.446 |
| 2015 | 2,467 |
| 2016 | 2,496 |
| 2017 | 2,516 |

Facilities*

| School | Grades | Construction Type | Construction Date | Renovations or Additions |
|---|---|---|---|---|
| East Hardy Early Middle School | EC-8 | Masonry | 1992 | |
| East Hardy High School | 9-12 | Masonry | 1974 | 1979 Addition |
| Moorefield Elementary School | EC-2 | Masonry | 1973 | 1999 Addition<br>2012 Renovation |
| Moorefield Intermediate School | 3-5 | Masonry | 2008 | |
| Moorefield Middle School | 6-8 | Masonry | 1997 | |
| Moorefield High School | 9-12 | Masonry | 1940 | 1953 Addition<br>1978 Renovation due to fire |

*Source: Hardy County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Hardy 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 ($) at 100% | Projected Net Tax Collected ($) at 92-93% Less Assessors Fee | Actual Collected ($) | Actual Collected (%) |
|---|---|---|---|---|
| **2008-2009** | | | | |
| General Current | 4,374,514 | 3,991,219 | 4,204,893 | 96% |
| **2009-2010** | | | | |
| General Current | 4,952,796 | 4,518,832 | 4,739,419 | 96% |
| **2010-2011** | | | | |
| General Current | 5,048,365 | 4,624,828 | 4,968,196 | 98% |
| **2011-2012** | | | | |
| General Current | 4,959,944 | 4,534,589 | 4,845,599 | 98% |
| **2012-2013** | | | | |
| General Current | 4,787,959 | 4,377,353 | N/A | N/A |
| Bond Levy | 2,055,861 | 2,055,861 | N/A | N/A |

*Source: Hardy 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 2012 assessment year valuations are made as of July 1, 2011, with taxes levied and collected during the fiscal year July 1, 2012, through June 30, 2013.

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 Hardy County School District includes all of Hardy County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code (the "Property Valuation Act") 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 Property Valuation Act 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 Property Valuation Act 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 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 0 | 0 | 0 | 0 | 0 |
| II | 399,550,550 | 433,673,420 | 435,556,385 | 434,809,526 | 431,087,808 |
| III | 255,128,916 | 317,096,304 | 329,073,208 | 321,568,213 | 303,622,134 |
| IV | 108,821,918 | 104,313,978 | 103,711,329 | 100,195,083 | 97,839,194 |
| Total | 763,501,384 | 855,083,702 | 868,340,922 | 856,672,822 | 832,549,136 |

Assessed Valuation by Property Category*

| Category | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| Real | 563,896,060 | 599,219,310 | 595,782,380 | 585,481,530 | 568,284,060 |
| Personal | 120,129,353 | 112,157,606 | 101,396,755 | 105,564,915 | 104,174,332 |
| Public Utility | 79,475,971 | 143,706,786 | 171,161,787 | 165,526,377 | 160,090,744 |
| Total | 763.501,384 | 855,083,702 | 868,340,922 | 856,672,822 | 832,549,136 |

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

| | | |
|---|---|---|
| 26,589,010 in 2008-2009 | 28,137,144 in 2010-2011 | 29,963,226 in 2012-2013 |
| 27,650,012 in 2009-2010 | 29,129,202 in 2011-2012 | |

Source: State Tax Department

Largest Assessed Valuations*

| Property Owner | Assessed Valuation ($) (Tax Year 2012) |
|---|---|
| HARDY STORAGE CO LLC | 79,542,489 |
| COLUMBIA GAS TRANSMISSION LLC | 27,678,594 |
| VIRGINIA ELECTRIC & POWER COMPANY | 14,129,368 |
| POTOMAC EDISON COMPANY THE | 10,761,310 |
| WASHINGTON GAS LIGHT COMPANY | 6,826,876 |
| HARDY TELECOMMUNICATIONS COMPANY INC | 6,701,600 |
| PILGRIMS PRIDE CORP. | 6,114,150 |
| PATH ALLEGHENY TRANSMISSION CO LLC | 4,819,488 |
| AMERICAN WOODMARK | 4,222,460 |
| CITIZENS TELECOM CO OF WV | 3,134,522 |

*The assessed valuations include real and personal property in Class III or IV.
Non-Taxable Property was not included in this chart.
Source: Hardy County Assessor and West Virginia State Auditor

Tax Rate Comparisons*

The following shows Hardy 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 2013; Fiscal Year 2012-2013.

| County | Class I | Class II | Class III/IV |
|---|---|---|---|
| **Hardy** | 42.28 | 84.56 | 169.12 |
| Grant | 33.95 | 67.90 | 135.80 |
| Hampshire | 34.82 | 69.64 | 139.28 |
| Mineral | 59.69 | 119.38 | 238.76 |
| Pendleton | 33.84 | 67.68 | 135.36 |

*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.

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.

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 five years 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.

*School Current Levy*

| Class | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 19.40 | 19.40 | 19.40 | 19.40 | 19.40 |
| II | 38.80 | 38.80 | 38.80 | 38.80 | 38.80 |
| III and IV | 77.60 | 77.60 | 77.60 | 77.60 | 77.60 |

*School Bond Levy*

| Class | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|---|
| I | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 |
| II | 0.00 | 0.00 | 0.00 | 0.00 | 16.66 |
| III and IV | 0.00 | 0.00 | 0.00 | 0.00 | 33.32 |

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Board, but not including those relating to the proposed bond issue, in cents per $100 assessed valuation for the 2012-2013 fiscal year are as follows:

| Tax Type | Class I | Class II | Class III/IV |
|---|---|---|---|
| State Current | 0.25 | 0.50 | 1.00 |
| County Current | 14.30 | 28.60 | 57.20 |
| School Current | 19.40 | 38.80 | 77.60 |
| School Bonds | 8.33 | 16.66 | 33.32 |

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional current rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2012-2013 fiscal year.

| Municipality | Class I | Class II | Class IV |
|---|---|---|---|
| Moorefield (Current) | 12.50 | 25.00 | 50.00 |
| (Excess Levy ) | 6.25 | 12.50 | 25.00 |
| Wardensville (Current) | 12.50 | 25.00 | 50.00 |

Source: West Virginia State Auditor

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 (2010 Census) | 14,069 |
| Assessed Valuation* | $832,549,136 |
| Debt Limit (5% of Assessed Valuation) | $41,627,457 |
| Outstanding Debt (including the Series 2012 Bonds) | $21,545,000 |
| Debt Contracting Margin** | $20,082,457 |
| Per Capita Debt** | $1,531 |
| Outstanding Debt as percentage of Assessed Valuation** | 2.59% |

*Assessed Value is estimated to be approximately 60% of appraised or market value (Assessment Year 2012, Fiscal Year 2013).

Debt Service Requirements

Upon issuance of the Series 2012 Bonds, based on the interest rates and yields set forth on the cover page, the Board will have the following debt:

**Series 2012 Bonds Schedule of Bond Indebtedness**

| Maturing (June 1) | Principal Amount ($) | Interest ($) | Total ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 296,079.75 | 1,351,079.75 |
| 2014 | 830,000 | 472,366.26 | 1,302,366.26 |
| 2015 | 865,000 | 455,766.26 | 1,320,766.26 |
| 2016 | 905,000 | 438,466.26 | 1,343,466.26 |
| 2017 | 945,000 | 420,366.26 | 1,365,366.26 |
| 2018 | 990,000 | 401,466.26 | 1,391,466.26 |
| 2019 | 1,030,000 | 381,666.26 | 1,411,666.26 |
| 2020 | 1,080,000 | 361,066.26 | 1,441,066.26 |
| 2021 | 1,125,000 | 339,466.26 | 1,464,466.26 |
| 2022 | 1,180,000 | 316,966.26 | 1,496,966.26 |
| 2023 | 1,230,000 | 293,366.26 | 1,523,366.26 |
| 2024 | 1,285,000 | 268,766.26 | 1,553,766.26 |
| 2025 | 1,345,000 | 239,853.76 | 1,584,853.76 |
| 2026 | 1,405,000 | 209,591.26 | 1,614,591.26 |
| 2027 | 1,465,000 | 175,168.76 | 1,640,168.76 |
| 2028 | 1,535,000 | 138,543.76 | 1,673,543.76 |
| 2029 | 1,600,000 | 98,250.00 | 1,698,250.00 |
| 2030 | 1,675,000 | 50,250.00 | 1,725,250.00 |
| Totals | $21,545,000 | 5,347,466.15 | 26,902.466.15 |

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 Series 2012 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.<br><br>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 (Regulatory Basis)

**General Current Expense Fund**
**Fiscal Year ended June 30**

| | 2011 Budget | 2011 Actual | 2012 Budget | 2013 Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Local Sources: | | | | |
| Property Taxes | 4,927,321 | 4,968,197 | 4,845,599 | 4,549,051 |
| Other Local Sources | 208,803 | 314,011 | 192,915 | 226,000 |
| State Sources | 9,712,767 | 12,477,105 | 11,451,506 | 11,640,660 |
| Other Unrestricted | 2,761 | 2,761 | 6,927 | |
| Federal Sources | 444,973 | 678,267 | 332,061 | 231,220 |
| Total Revenues Collected | 15,296,626 | 18,440,341 | 16,903,567 | 16,646,931 |
| **Expenditures:** | | | | |
| Instruction | 8,917,649 | 11,241,529 | 10,028,568 | 9,733,690 |
| Supporting Services: | | | | |
| Students | 583,158 | 761,761 | 628,180 | 639,360 |
| Instructional Staff | 608,432 | 838,502 | 574,128 | 657,720 |
| Central Administration | 568,531 | 721,726 | 567,060 | 421,980 |
| School Administration | 913,290 | 1,310,604 | 996,563 | 1,034,420 |
| Business | 179,816 | 225,661 | 257,080 | 286,301 |
| Operation & Maintenance of Facilities | 1,713,512 | 1,874,094 | 1,908,706 | 1,882,970 |
| Student Transportation | 1,662,106 | 1,990,395 | 1,590,093 | 1,650,410 |
| Food Services | 1,343 | 240,373 | 1,554 | |
| Community Services | 27,655 | 37,539 | 27,215 | 25,000 |
| Capital Outlay | 0 | 74,082 | 29,050 | |
| Reserves | | | 301,199 | |
| Debt Service: | | | | |
| Principal Retirement | 93,138 | 93,138 | 97,416 | 101,892 |
| Interest & Fiscal Charges | 15,642 | 15,642 | 11,364 | 6,888 |
| Total Expenditures | 15,284,272 | 19,424,595 | 17,018,176 | 16,440,631 |
| Excess (Deficiency) of Revenues over Expenditures | 12,354 | -984,254 | -114,609 | 206,300 |
| Total Other Financing Sources (Uses) | -589,329 | -536,126 | -726455 | -656,300 |
| Net change in Fund Balance | 576,975 | -1,520,380 | 841,065 | -450,000 |
| Fund Balance at July 1 | 576,975 | -1489,400 | 841,065 | 450,000 |
| Fund Balance at June 30* | 0 | -3,009,780 | 0 | 0 |

Source: Hardy County Board of Education

*The Fund Balance is $-3,009,780 Undesignated Balance for Fiscal Year 2011, of which $3,941,200 is OPEB liability and $ 931,420 is not related to OPEB.

Other Post-Employment Benefits (OPEB)

The Board has adopted Governmental Accounting Standards Board (GASB) Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", which among other things, requires reporting on an accrual basis the liability associated with other postemployment benefits. In conjunction with the implementation of GASB Statement No. 43, the State of West Virginia established the Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, to account for and administer the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. The PEIA Finance Board was assigned the authority to establish and amend contribution requirements of the plan members and the participating employers, and PEIA administers the plan. The legislation requires the RHBT to determine through an actuarial study the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the respective employers who are required by law to remit at least the minimum annual premium component of the CRC. The Board is required to participate in the RHBT established for the multiemployer cost-sharing plan. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

Revenues collected by RHBT are used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. The rates charged must generate sufficient revenues to not only meet all expected expenses, including insurance, administrative expenses, and incurred but unreported claims of the RHBT, but also include the amounts necessary to fund the unfunded obligation of the plan over an amortization period not to exceed 30 years.

In an effort to reduce OPEB obligations, after conducting public hearings around the State in November, 2011, the PEIA Finance Board met on December 13, 2011 and adopted its plan for 2012-2013 which, among other things, cut health benefits by approximately $18.4 million per year and set a cap on retiree premium subsidies of $343 per month, effective as of July 1, 2012, for those employees hired on or before July 30, 2010. The $343 retiree premium subsidy cap will increase over time for inflation, but by no more than 3% per year. This action is calculated to reduce the State of West Virginia's OPEB liability by half to $5 billion and is projected to ultimately eliminate the OPEB liability by 2040.

The OPEB liability, Actuarial Accrued Liability (AAL), for the multiple-employer-cost sharing plan, for plan year FY 2012, was estimated at $10.3 billion. This amount represents a substantial unfunded liability for the employers which are a part of the plan. The action taken by the PEIA Finance Board at its December 13, 2011 meeting is estimated to have cut the OPEB liability in half to approximately $5 billion. The PEIA 2012-2013 plan contemplates that State retirees will pay the additional $5 billion over time in the form of higher premiums or reduced benefits or both.

On February 10, 2012, the West Virginia Legislature passed Senate Bill 469 which creates a plan to address the funding of OPEB liabilities associated with the PEIA in the State of West Virginia. The Senate Bill eliminates health care insurance premium subsidies for PEIA insured employees which were hired after July 1, 2010 and sets up the Post July 1, 2010 Employee Trust Fund for the purpose of funding retirement benefits for employees hired after July 1, 2010. Under Senate Bill 469, following the elimination of the actuarial unfunded liability of the State's Workers' Compensation Trust Fund, the State will begin to apply $35 million a year from personal income tax collections as follows: $30 million a year will be deposited into the West Virginia Retiree Health Benefit Trust Fund (until the actuarial unfunded liability is eliminated or July 1, 2037, which ever is later to occur) for the purpose of paying down the remaining $5 billion of long-term OPEB liability associated with the PEIA, and (ii) $5 million a year will be deposited into the Post July 1, 2012 Employee Trust Fund to assist employees hired after July 1, 2010.

For professional employees, service personnel and professional student support personnel of the various County Boards of Education in the State, including the Board, which are employed within the limits permitted by the foundation allowance of the State school aid formula, the necessary OPEB premiums which are required to be paid to PEIA with respect to such employees shall be charged to the State of West Virginia. However, such County Boards of Education, including the Board, retain liability for payment of the necessary OPEB premiums

which are required to be paid to PEIA for all professional employees, service personnel and professional student support personnel which are employed by such County Boards of Education in excess of the limits permitted by the foundation allowance of the State school aid formula.

For additional information regarding the Board's liabilities and expenses, see "APPENDIX A – Audit Report of Hardy County Board of Education for the Fiscal Year Ended June 30, 2011" and the accompanying notes to the financial statements.

Sources: (West Virginia Public Employees Insurance Agency)

Insurance Coverage*

| 1. Type | Amount in Force (FY 2011) |
|---|---|
| Fire, extended coverage/buildings & personal property | $ 47,452,853 |
| Public official position bond: | |
| Superintendent | $ 10,000 |
| Board President | $ 10,000 |
| Treasurer | $ 225,000 |
| Deductible - | $ 2,500 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, 2012 to July 1, 2013. 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
- 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: Hardy County Board of Education

Teachers Retirement Systems*

### Teachers Retirement System (Defined Benefit)

The Teachers 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, 2011, there are 35,880 active members and 31,043 retirees. 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, 2011 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, 2011, the unfunded liability of TRS was $4.370483 billion. The funded percentage was 53.7%. The State expects the TRS unfunded accrued liability to 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, 2011, there were approximately 4,554 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

In 2008, the West Virginia Legislature enacted 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 vote 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.

*Source: State of West Virginia Consolidated Public Retirement Board

## INVESTMENT CONSIDERATIONS

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The School District is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the School District's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The School District has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the School District and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the School District has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

## TAX MATTERS

In the opinion of Bond Counsel, (a) 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, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporates upon the conditions and subject to the limitations set forth in this section; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations, 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.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Board has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective purchasers of the Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or

exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Board and its counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Board or the beneficial owners to incur significant expense.

West Virginia Tax

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.

Possible State and Federal Legislative Changes with Respect to Tax-Exempt Bonds

Legislation has been proposed in the past, and may be proposed again in the future, to eliminate the tax-exempt status of bonds issued to finance educational facilities or to limit the extent of the current tax advantages available for tax exempt bonds or to limit the use of tax-exempt bonds. Any such limitation could reduce the Board's ability to finance future capital needs of the School District. The effect on the Board of proposed laws and regulations and future changes in federal and state laws and policies cannot be fully or accurately determined at this time.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011, if enacted, would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## 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 Series 2012 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 Series 2012 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.

The West Virginia Legislature enacted Senate Bill 469 subsequent to the West Virginia Supreme Court's decision in the OPEB Litigation above described. Senate Bill 469 provides that OPEB premiums associated with the PEIA for certain County School Board employees which are employed within the foundation allowance of the State school aid formula are to be charged to the State of West Virginia rather than the County School Boards. However, the County School Boards retain liability for such OPEB premiums for employees which are employed outside of the foundation allowance of the State school aid formula (see Other Post Employment Benefits discussion in this Official Statement for additional detail).

The State of West Virginia's OPEB liability and the Board's OPEB liability may be subject to additional lawsuits and legislative action in the future which could have an effect on the amount of the Board's OPEB liability. No representation can be made regarding the potential outcome of any such lawsuits, if initiated, or the likelihood of any future legislative actions and any effect on the amount of the Board's OPEB liability.

At the time of payment for and delivery of the Series 2012 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 Series 2012 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 Series 2012 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 covenanted for the benefit of the Owners of the Series 2012 Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as Exhibit G, to provide financial information not later than two hundred seventy (270) days following the end of the Board's fiscal year, commencing with the report for the fiscal year ending June 30, 2012, and to provide notice of the occurrence of the enumerated events listed herein, if material. The Annual Information and each notice of material events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the Board with the Electronic Municipal Markets Access system ("EMMA"). The Board had not been required in the last 5 years to undertake any continuing disclosure reporting.

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The Board, has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Series 2012 Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT."

## LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2012 Bonds are subject to the approval of Bowles Rice LLP, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Series 2012 Bonds. Certain legal matters will be passed upon for the Board by Bowles Rice LLP, Morgantown, West Virginia, Counsel to the Board.

## SALE AT COMPETITIVE BIDDING

The Series 2012 Bonds were offered by the Board at competitive bidding on October 11, 2012 in accordance with the Official Notice of Sale.

## FINANCIAL STATEMENTS

Included in Appendix A are the audited financial statements of the Board as of and for the twelve-month period ended June 30, 2011, and the report with respect to the audited financial statements as of and for the twelve-month period ended June 30, 2011, dated March 16, 2012, of Tetrick & Bartlett, PLLC, Certified Public Accountants. The Board has obtained the consent of Tetrick & Bartlett, Certified Public Accountants to publish the audited financial statements with this Official Statement.

## UNDERWRITING

Crews & Associates, Inc. (the Underwriter) has agreed to purchase the Series 2012 Bonds at an aggregate purchase price of $21,642,948.10 (includes a premium of $97,948.10 and no accrued interest), pursuant to a proposal submitted on October 11, 2012 in connection with the Issuer's Official Notice of Sale of the Series 2012 Bonds, dated September 26, 2012. The Underwriter may offer and sell the Series 2012 Bonds to certain dealers (including dealers depositing such Series 2012 Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The public offering prices set forth on the cover may be changed after the initial offering by the Underwriter.

## RATING

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of 'AA' based on the Board's eligibility and participation in the Municipal Bond Program. 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.

## FINANCIAL ADVISOR

Piper Jaffray & Co., Charleston, West Virginia, is serving as Financial Advisor to the Board in connection with the issuance of the Series 2012 Bonds.

## CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $21,545,000 in aggregate principal amount of The Board of Education of the County of Hardy Public School Bonds, Series 2012. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Hardy by Piper Jaffray & Co. in its capacity as Financial Advisor.

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 Series 2012 Bonds.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

Margaret Shriver

By: /s/ Margaret Shriver, President

**APPENDIX A**

Audit Report of
Hardy County Board of Education for the
Fiscal Year Ended June 30, 2011

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# HARDY COUNTY BOARD OF EDUCATION

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## INDEPENDENT AUDITOR'S REPORT AND RELATED FINANCIAL STATEMENTS

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## FOR THE YEAR ENDED JUNE 30, 2011

*RFP #08-090 (Hardy County)*

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# HARDY COUNTY BOARD OF EDUCATION
# INDEX OF FUNDS
# FOR THE YEAR ENDED JUNE 30, 2011

## GOVERNMENTAL FUND TYPES

***General Current Expense***

***Special Revenue Funds***

Restricted Projects

**ARRA** – Restricted Projects

***Capital Projects***

Capital Projects

## FIDUCIARY FUND TYPE

School Activity Funds

# HARDY COUNTY BOARD OF EDUCATION
# BOARD OFFICIALS
# JUNE 30, 2011

| Office | Name | Term |
|---|---|---|
| | **Elective** | |
| Board Members: | Rodney J. Barr | 07/01/10 – 06/30/14 |
| | Margaret Shriver | 07/01/10 – 06/30/14 |
| | Dixie Bean | 07/01/10 – 06/30/14 |
| | Nancy V. Hahn | 07/01/08 – 06/30/12 |
| | Loy D. Kesner | 07/01/08 – 06/30/12 |
| | **Appointive** | |
| Board President | Margaret Shriver | 07/01/10 – 06/30/14 |
| Interim Superintendent | Barbara S. Whitecotton | July 1, 2010 – June 30, 2013 |
| Treasurer | Veeta R. Burgess | 07/01/10 – 06/30/11 |

T&B

*Tetrick & Bartlett,* PLLC
*Certified Public Accountants*
*Consultants*

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

# INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Hardy County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardy County 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Hardy County Board of Education, as of June 30, 2011, 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 discussed in Note 3, the Board of Education implemented the provisions of Governmental Accounting Standards Board Statement Number 24, "*Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*" and Governmental Accounting Standards Board Statement Number 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," in the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the Hardy County 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardy County Board of Education's 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. Also, the accompanying other supplementary information of the schedule of changes in School Activity Funds is presented for purposes of additional analysis and are not a required part of the basic financial statements of Hardy County Board of Education. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Tetrick & Bartlett, PLLC

March 16, 2012

# HARDY COUNTY BOARD OF EDUCATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED JUNE 30, 2011

Our discussion and analysis of the Hardy County Board of Education's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with **Financial Highlights**

- The Board's assets exceeded liabilities by $28,044,301 *(net assets)* at the close of the most recent fiscal year.
- The Board's total net assets increased by $284,745.
- Mostly this increase is attributable to capital outlays which mainly was the renovation of Moorefield Elementary School.

As of the close of the current fiscal year, the Board's governmental funds reported with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

- Combined ending fund balances of ($2,950,132), a decrease of $1,670,900 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was ($3,009,780)

## 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 comprise 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 accompanying this report.

**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 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 four 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 current expense fund, the special revenue fund, the special revenue ARRA fund, and the capital projects 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 accompanying 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 accompanying 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 $28,044,301 at the close of the most recent fiscal year.

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Current and other assets | $ 3,001,432 |
| Capital assets | 31,247,528 |
| **TOTAL ASSETS** | $ 34,248,960 |
| **LIABILITIES AND NET ASSETS** | |
| **Liabilities** | |
| Current and other liabilities | $ 5,907,844 |
| Long-term liabilities outstanding | 296,815 |
| Total liabilities | 6,204,659 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | 30,950,713 |
| Restricted | 453,548 |
| Unrestricted | ( 3,359,960) |
| Total net assets | 28,044,301 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 34,248,960 |

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

- The largest portion of the Board's net assets (91%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, 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.

At the end of the current fiscal year, the Board is able to report positive balances in two of the two categories of net assets.

The Board's net assets increased by $284,745 during the current year. The following discussion and analysis on governmental activities focuses on this increase.

The key elements of the increase of the Board's net assets for the year ended June 30, 2011 are:

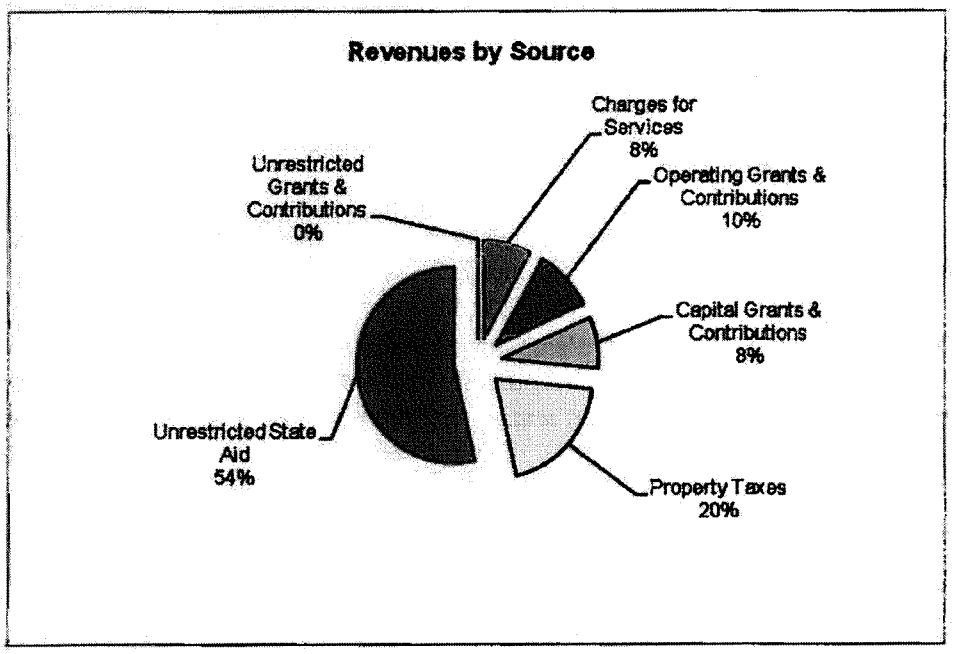
| | Governmental Activities |
|---|---|
| **Revenues:** | |
| Program revenues: | |
| Charges for services | $ 1,983,943 |
| Operating grants and contributions | 2,626,594 |
| Capital grants and contributions | 2,075,206 |
| General revenues: | |
| Property taxes | 4,959,721 |
| Unrestricted state aid | 13,312,154 |
| Unrestricted investment earnings | 6,655 |
| Total revenues | 24,964,273 |
| **Expenses:** | |
| Instruction | 14,075,677 |
| Supporting services: | |
| Students | 1,076,968 |
| Instructional staff | 1,176,275 |
| District admin. | 741,120 |
| School admin. | 1,328,507 |
| Business services | 259,440 |
| Operation and Maint. | 1,918,740 |
| Transportation | 2,048,929 |
| Total supporting services | 8,549,979 |
| Food services | 1,821,214 |
| Community services | 217,016 |
| Interest on long-term debt | 15,642 |
| Total expenses | 24,679,528 |
| Change in net assets | 284,745 |
| Net assets – July 1, 2010 | 27,759,556 |
| Net assets – June 30, 2011 | $ 28,044,301 |

The largest increase in revenues was from federal sources and property taxes. Revenues from state sources decreased these increases and decreases were due to:

- Increases in local property taxes (due mostly to the increase in assessment values) decreases the amount of revenue provided through the state aid formula. The increase in federal funding is provided through the increased services provided to students that are reimbursable through the Medicaid program.

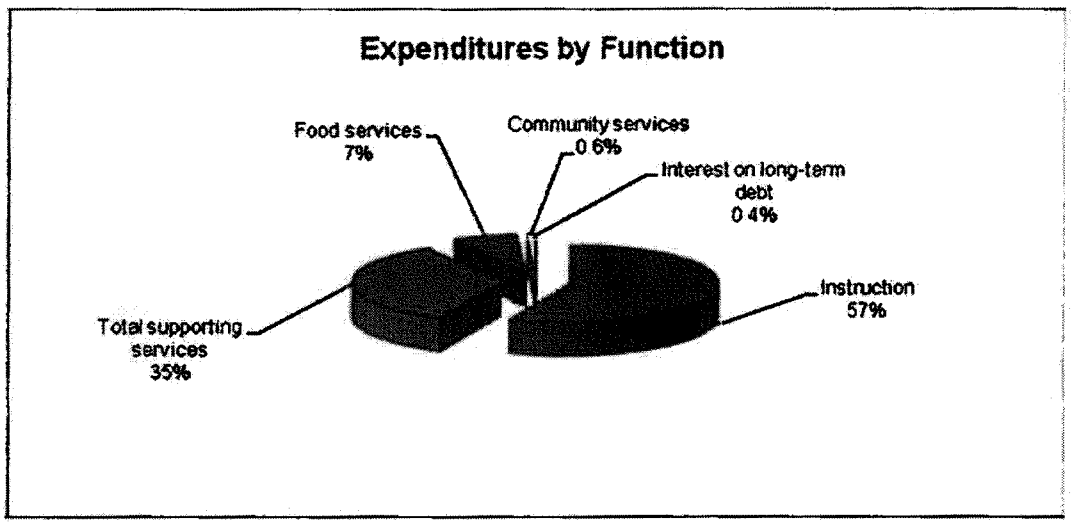
A comparative analysis of revenues will be provided in future years when prior year information is available.

The following chart shows the Board's revenues for fiscal year ended June 30, 2011 by source:




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

The following chart shows the Board's expenditures for fiscal year ended June 30, 2011 by function




## 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, *unassigned 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 $(2,950,132). Included in this year's change in the combined fund balance is an increase of expenditures over revenue of $(1,670,900).

## 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 $ 316,549 or 2% in total general fund expenditures. The most significant difference may be summarized as follows:

- Additional revenues were received from property taxes

## Capital Asset and Debt Administration

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2011, amounts to $31,247,528 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was 6 percent.

Major capital asset events during the current fiscal year included the following:

- The purchase of two additional school buses.
- The renovation of Moorefield Elementary.
- The purchase of vehicles for usage by county.

| | Governmental Activities |
|---|---|
| Land | $ 2,357,800 |
| Buildings and improvements | 25,007,597 |
| Furniture and equipment | 296,144 |
| Vehicles | 1,106,176 |
| Construction in process | 2,479,811 |
| Total capital assets | $ 31,247,528 |

Additional information on the Board's capital assets can be found accompanying the basic financial statements.

**Long-term debt.** At the end of the current fiscal year, the Board had capital lease obligations of $296,815. 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. The Board has made entries to show the other post employment benefits in which the Board is obligated. The obligation for compensated absences for vacations was liquidated at the direction of the state.

| | Governmental Activities |
|---|---|
| Capital Lease obligations | $ 296,815 |
| Total debt outstanding | $ 296,815 |

Additional information on the Board's long-term debt can be found accompanying 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 any 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 financial information, contact the Board Office, Hardy County Board of Education, 510 Ashby Street, Moorefield, WV 26836.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF NET ASSETS
# JUNE 30, 2011

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 1,976,896 |
| Investments | 80,775 |
| Taxes receivable, net of allowance for uncollectible taxes | 59,176 |
| Food services receivable | 38,054 |
| Other receivables | 18,130 |
| Due from other governments: | |
| State aid receivable | 39,836 |
| PEIA allocation receivable | 289,310 |
| Reimbursements receivable | 499,255 |
| **Capital Assets** | |
| Land | 2,357,800 |
| Buildings and improvements | 30,530,915 |
| Furniture and equipment | 1,138,689 |
| Vehicles | 3,119,522 |
| Construction in process | 2,479,811 |
| Less accumulated depreciation | ( 8,379,209) |
| Total capital assets, net of depreciation | 31,247,528 |
| **TOTAL ASSETS** | 34,248,960 |

| | Governmental Activities |
|---|---|
| **LIABILITIES AND NET ASSETS** | |
| **Liabilities** | |
| Salaries payable and related payroll liabilities | $ 1,400,751 |
| PEIA premiums payable | 301,424 |
| Accounts payable | 148,885 |
| Other post employment benefit payable | 3,941,200 |
| Deferred revenues | 115,584 |
| Long-term obligations: | |
| Due within one year: | |
| Bonds, capital leases, and contracts | 97,416 |
| Due beyond one year: | |
| Bonds, capital leases, and contracts | 199,399 |
| Total liabilities | 6,204,659 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | 30,950,713 |
| Restricted for: | |
| Special projects | 393,900 |
| Capital projects | 59,648 |
| Unrestricted | ( 3,359,960) |
| Total net assets | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF ACTIVITIES
# FOR THE YEAR ENDED JUNE 30, 2011

| Functions | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense), Revenue & Changes in Net Assets Governmental Activities |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Instruction | $ 14,075,677 | $ 889,587 | $ 1,672,624 | $ 2,057,539 | $( 9,455,927) |
| Supporting services: | | | | | |
| Students | 1,076,968 | -0- | 315,381 | -0- | ( 761,587) |
| Instructional staff | 1,176,275 | -0- | 295,166 | -0- | ( 881,109) |
| District administration | 741,120 | -0- | 2,430 | -0- | ( 738,690) |
| School administration | 1,328,507 | -0- | 2,583 | -0- | ( 1,325,924) |
| Business services | 259,440 | -0- | 452 | -0- | ( 258,988) |
| Operation and maintenance of facilities | 1,918,740 | 2,761 | 23,752 | 17,667 | ( 1,874,560) |
| Student transportation | 2,048,929 | 42,029 | 184,818 | -0- | ( 1,822,082) |
| Food services | 1,821,214 | 223,423 | 129,388 | -0- | ( 1,468,403) |
| Community services | 217,016 | 826,143 | -0- | -0- | 609,127 |
| Interest on long-term debt | 15,642 | -0- | -0- | -0- | ( 15,642) |
| Total governmental activities | $ 24,679,528 | $ 1,983,943 | $ 2,626,594 | $ 2,075,206 | (17,993,785) |
| General Revenues: | | | | | |
| Property taxes | | | | | 4,959,721 |
| Unrestricted state aid | | | | | 13,312,154 |
| Unrestricted investment earnings | | | | | 6,655 |
| Transfers in | | | | | 592,932 |
| Transfers (out) | | | | | ( 592,932) |
| Total general revenues and transfers | | | | | 18,278,530 |
| Change in net assets | | | | | 284,745 |
| Net assets – beginning | | | | | 27,759,556 |
| Net assets – ending | | | | | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# BALANCE SHEETS -
# GOVERNMENTAL FUNDS
# JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 1,973,380 | $ 160,115 | $(130,284) | $( 26,315) | $ 1,976,896 |
| Investments | 80,775 | -0- | -0- | -0- | 80,775 |
| Taxes receivable, net | 59,176 | -0- | -0- | -0- | 59,176 |
| Food services receivable, net | -0- | 38,054 | -0- | -0- | 38,054 |
| Other receivables | 18,130 | -0- | -0- | -0- | 18,130 |
| Due from other governments: | | | | | |
| State aid receivable | 35,196 | 4,640 | -0- | -0- | 39,836 |
| PEIA allocation receivable | 289,310 | -0- | -0- | -0- | 289,310 |
| Reimbursements receivable | 105,121 | 53,085 | 143,556 | 197,493 | 499,255 |
| **TOTAL ASSETS** | $ 2,561,088 | $ 255,894 | $ 13,272 | $ 171,178 | $ 3,001,432 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities** | | | | | |
| Salaries payable and related payroll liabilities | $ 1,343,384 | $ 46,849 | $ 10,517 | $ -0- | $ 1,400,750 |
| Other post employment benefits payable – state aid funded | 3,620,001 | -0- | -0- | -0- | 3,620,001 |
| Other post employment benefits payable – all other employees | 321,199 | -0- | -0- | -0- | 321,199 |
| PEIA premiums payable | 257,841 | 40,829 | 2,755 | -0- | 301,425 |
| Accounts payable | 10,146 | 27,210 | -0- | 111,530 | 148,886 |
| Deferred revenue | 18,297 | 141,006 | -0- | -0- | 159,303 |
| Total liabilities | 5,570,868 | 255,894 | 13,272 | 111,530 | 5,951,564 |
| **Fund Balances** | | | | | |
| Reserved for: | | | | | |
| Nonspendable | -0- | -0- | -0- | -0- | -0- |
| Restricted | 90,355 | -0- | -0- | -0- | 90,355 |
| Committed | 34,245 | -0- | -0- | 59,648 | 93,893 |
| Assigned | 269,300 | -0- | -0- | -0- | 269,300 |
| Unassigned | (3,403,680) | -0- | -0- | -0- | ( 3,403,680) |
| Total fund balances | (3,009,780) | -0- | -0- | 59,648 | ( 2,950,132) |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 2,561,088 | $ 255,894 | $ 13,272 | $ 171,178 | |

# HARDY COUNTY BOARD OF EDUCATION
# BALANCE SHEETS -
# GOVERNMENTAL FUNDS (CONT'D)
# JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| 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 the funds | | | | | $ 31,247,528 |
| Property taxes receivable and food service billings receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the funds | | | | | 43,720 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds | | | | | |
| Capital leases payable | | | | | ( 296,815) |
| Net assets of governmental activities | | | | | $ 28,044,301 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENTS OF REVENUES, EXPENDITURES
# AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
# FOR THE YEAR ENDED JUNE 30, 2011

| | General Current Expense Fund | Special Revenue Fund | Special Revenue ARRA Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Property taxes | $ 4,968,197 | $ -0- | $ -0- | $ -0- | $ 4,968,197 |
| Other Local sources | 314,011 | 247,189 | -0- | -0- | 561,200 |
| State sources | 12,477,105 | 959,666 | -0- | 2,075,206 | 15,511,977 |
| Federal sources | 678,267 | 2,193,353 | 1,055,776 | -0- | 3,927,396 |
| Miscellaneous sources | 2,761 | -0- | -0- | -0- | 2,761 |
| Total revenues | 18,440,341 | 3,400,208 | 1,055,776 | 2,075,206 | 24,971,531 |
| **Expenditures** | | | | | |
| Instruction | 11,241,529 | 1,386,721 | 1,038,286 | -0- | 13,666,536 |
| Supporting services: | | | | | |
| Students | 761,761 | 306,132 | 9,075 | -0- | 1,076,968 |
| Instructional staff | 838,052 | 309,337 | 2,598 | -0- | 1,149,987 |
| Central administration | 721,726 | 1,370 | -0- | -0- | 723,096 |
| School administration | 1,310,604 | 12 | -0- | -0- | 1,310,616 |
| Business | 225,661 | 1,619 | -0- | -0- | 227,280 |
| Operation and maintenance of facilities | 1,874,094 | 20,000 | -0- | 18,993 | 1,913,087 |
| Student transportation | 1,990,395 | 187,972 | 4,043 | -0- | 2,182,410 |
| Food services | 240,373 | 1,526,948 | -0- | -0- | 1,767,321 |
| Community services | 37,539 | 179,477 | -0- | -0- | 217,016 |
| Capital outlay | 74,082 | -0- | -0- | 2,225,253 | 2,299,335 |
| Debt service: | | | | | |
| Principal retirement | 93,137 | -0- | -0- | -0- | 93,137 |
| Interest and fiscal charges | 15,642 | -0- | -0- | -0- | 15,642 |
| Total expenditures | 19,424,595 | 3,919,588 | 1,054,002 | 2,244,246 | 26,642,431 |
| Excess (deficiency) of revenues over (under) expenditures | ( 984,254) | ( 519,380) | 1,774 | ( 169,040) | ( 1,670,900) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | 13,982 | 541,011 | -0- | 7,939 | 562,932 |
| Transfers (out) | ( 550,108) | ( 11,050) | ( 1,774) | -0- | ( 562,932) |
| Total other financing sources (uses) | ( 536,126) | 529,961 | ( 1,774) | 7,939 | -0- |
| Net change in fund balances | ( 1,520,380) | 10,581 | -0- | ( 161,101) | ( 1,670,900) |
| Fund balances – beginning | ( 1,489,400) | ( 10,581) | -0- | 220,749 | ( 1,279,232) |
| Fund balances (deficit) – ending | $( 3,009,780) | $ -0- | $ -0- | $ 59,648 | $( 2,950,132) |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different due to: | |
| Net change in fund balances – total governmental funds | $ (1,670,900) |
| Governmental funds report capital outlays as expenditures. However, in the statement of net assets, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net assets is the amount by which capital outlays exceed depreciation in the current period. | |
| Depreciation expense | ( 548,807) |
| Capital outlays | 2,408,114 |
| Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased). | |
| Property taxes receivable | ( 8,479) |
| Other miscellaneous conversion adjustment | 1,221 |
| The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net assets. | 93,137 |
| Compensated absences are reported as liabilities in the statement of net assets, but are only reported in governmental funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased. | |
| Accrued vacation payable | 10,459 |
| Change in net assets of governmental activities | $ 284,745 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
# JUNE 30, 2011

| | Agency Funds School Activity Funds |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 435,359 |
| **TOTAL ASSETS** | $ 435,359 |
| **Liabilities** | |
| Due to other funds | $ 435,359 |
| **TOTAL LIABILITIES** | $ 435,359 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2011

## 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:

The Hardy County 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 Net Assets 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.

The accompanying independent auditor's report is an integral part of these notes.

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.

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.

Special Revenue Fund – American Reinvestment and Recovery Act (ARRA): A separate special revenue fund to account for all revenues and expenditures attributable to ARRA funds that are legally restricted to expenditure for specific purposes.

The accompanying independent auditor's report is an integral part of these notes.

Capital Projects Funds: Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

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 the 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 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.

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 60/90 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 in the appropriate fund balance category (restricted, committed or assigned) 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, 2011 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.

The accompanying independent auditor's report is an integral part of these notes.

Investments of the Board at June 30, 2011, consisted of the following:

| | Carrying Amount | Estimated Fair Value | Bank Balance |
|---|---|---|---|
| Certificates of deposit | $ 80,775 | $ 80,775 | $ 80,775 |
| Total investments | $ 80,775 | $ 80,775 | $ 80,775 |

Money market/sweep accounts with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the Board's name. 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.

**F. Food Service receivables:**

The accounts receivable for the Food Service Program has been reduced by $19,975 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.

The accompanying independent auditor's report is an integral part of these notes.

## H. Inventories:

Inventories are valued at cost or, if donated, at fair value when received. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

## I. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## J. Capital Assets:

Capital assets, which include land, 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, furniture, vehicles, and equipment and $100,000 for buildings 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.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 50 |
| Site Improvements | 20 – 35 |
| Furniture and equipment | 5 – 20 |
| Vehicles | 8 – 12 |

The accompanying independent auditor's report is an integral part of these notes.

## K. 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 21 days by the superintendent only for vacation and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of a cash payment at retirement, an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

## L. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

## M. 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.

## N. Fund Equity:

Effective July 1, 2010, the Board adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2011. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

The accompanying independent auditor's report is an integral part of these notes.

## O. Net Assets:

Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net assets are classified as follows:

- **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 grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **Restricted net assets, nonexpendable** – This includes endowment and similar type funds in 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, 2011.

- **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.

## P. 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.

### Q. 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.

### R. 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. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

## 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 but do not include amounts for other post employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). 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.

The accompanying independent auditor's report is an integral part of these notes.

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, 2011, 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.

**GENERAL CURRENT EXPENSE FUND**

| | |
|---|---|
| Instruction | $ 2,323,880 |
| Student Support Services | 178,603 |
| Instructional Staff Support Services | 229,620 |
| District Administration Support Services | 153,195 |
| School Administration Support Services | 397,314 |
| Business Services | 45,845 |
| Operation and Maintenance of Facilities | 160,582 |
| Student Transportation | 328,289 |
| Food Services | 239,030 |
| Capital Outlay | 74,082 |
| Community Services | 9,885 |
| Total General Fund | $ 4,140,325 |

**SPECIAL REVENUE FUND**

| | |
|---|---|
| District Administration Support Services | $ 1,370 |
| School Administration Support Services | 12 |
| Total Special Revenue Fund | $ 1,382 |

**ARRA – Special Revenue Fund**

| | |
|---|---|
| Instructional Staff Support Services | $ 2,598 |

The accompanying independent auditor's report is an integral part of these notes.

The overexpenditures in these programs were funded by a reduction of expenditures in the remaining instructional programs, available beginning fund balance, revenues received in excess of the anticipated amounts budgeted, and/or these funds were made available after the year ended by the state department for retirement. Also, the OPEB liability is recorded as expenses for the fiscal year making the functions a deficit in the budget.

### C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2011:

| | |
|---|---|
| General Current Expense Fund | $ (1,520,380) |
| Capital Projects Fund | $ ( 161,101) |

Funds sufficient to provide for the excess expenditures were made available from other sources and the deficiency had no impact on the financial results of the Funds.

The General Fund had a deficit fund balance in the amount of $3,009,780 at June 30, 2011, as a result of the OPEB liability.

## 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 24 – As of July 1, 2010, the Board implemented GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance". This statement requires the Board to record as a revenue and expenditure on behalf payments made by the State to the Consolidated Public Retirement Board for the unfunded liability of the Teachers Retirement System and disclose those amounts in the accompanying notes to the financial statements.

GASB 54 – As of July 1, 2010, the Board implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement changed the terminology used to describe fund balances in the governmental funds and expanded the disclosure of those new definitions in the accompanying notes to the financial statements of the Board for the year ended June 30, 2011.

The accompanying independent auditor's report is an integral part of these notes.

## Note 4 - Risk Management:

The Board is exposed to various risks or 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 lifetime for health and $10,000 of life insurance coverage. Members 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):** 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 a third-party insurance provider, is paid by the employers.

The third-party insurance provider retains the risk related to the compensation of injured employees under the program.

The accompanying independent auditor's report is an integral part of these notes.

## 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 Class I and II property.

**Class IV** - All real and personal property situated inside of municipalities, exclusive of Class 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 Assessors 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 accompanying independent auditor's report is an integral part of these notes.

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, 2011 were:

| Class of Property | Assessed Valuations For Tax Purposes | Current Expense |
|---|---|---|
| Class I | $ -0- | 19.40¢ |
| Class II | $ 435,556,385 | 38.80¢ |
| Class III | $ 329,073,208 | 77.60¢ |
| Class IV | $ 103,711,329 | 77.60¢ |

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 did not have an excess levy in effect during the fiscal year ended June 30, 2011.

The accompanying independent auditor's report is an integral part of these notes.

## Note 7 - Capital Assets:

Capital assets balances and activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| Capital assets, non-depreciable: | | | | |
| Land | $ 2,357,800 | $ -0- | $ -0- | $ 2,357,800 |
| Construction in process | 413,908 | 2,164,253 | (98,350) | 2,479,811 |
| Total non-depreciable capital assets | 2,771,708 | 2,164,253 | (98,350) | 4,837,611 |
| Capital assets, depreciable: | | | | |
| Buildings and improvements | 30,432,565 | 98,350 | -0- | 30,530,915 |
| Furniture and equipment | 1,138,689 | -0- | -0- | 1,138,689 |
| Vehicles | 2,875,661 | 243,861 | -0- | 3,119,522 |
| Total depreciable capital assets | 34,446,915 | 342,211 | -0- | 34,789,126 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | ( 5,160,998) | ( 362,321) | -0- | ( 5,523,319) |
| Furniture and equipment | ( 805,518) | ( 37,026) | -0- | ( 842,544) |
| Vehicles | ( 1,863,886) | ( 149,460) | -0- | ( 2,013,346) |
| Total accumulated depreciation | ( 7,830,402) | ( 548,807) | -0- | ( 8,379,209) |
| Total depreciable capital assets, net | 26,616,513 | ( 206,596) | -0- | 20,409,917 |
| Total capital assets, net | $ 29,388,221 | $ 1,957,657 | $(98,350) | $ 31,247,528 |

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | |
|---|---|
| Instruction | $ 337,516 |
| Supporting Services: | |
| Instructional staff | 26,288 |
| Central administration | 28,483 |
| School administration | 17,891 |
| Business | 32,160 |
| Operation and maintenance of facilities | 5,653 |
| Transportation | 46,923 |
| Food services | 53,893 |
| Total depreciation expense – governmental activities | $ 548,807 |

The accompanying independent auditor's report is an integral part of these notes.

Fixed assets at June 30, 2011 are recorded at historical cost or estimated historical cost where actual historical cost information was not available.

## Note 8 - Long-term debt:

Long-term liability activity for the year ended June 30, 2011 is as follows:

General Obligation Bonds – General obligation bonds payable at June 30, 2011, with their outstanding balance are comprised of the following individual issues:

| | Balance Beginning of Year | Restatement | Additions | Deductions | Balance End of Year | Amounts due within one year | Amounts due past one year |
|---|---|---|---|---|---|---|---|
| Compensated absences | $ 10,459 | $ -0- | $ -0- | $ 10,459 | $ -0- | $ -0- | $ -0- |
| Capital lease payable | 389,952 | -0- | -0- | 93,137 | 296,815 | 97,416 | 199,399 |
| Long-term liabilities | $ 400,411 | $ -0- | $ -0- | $ 103,596 | $ 296,815 | $ 97,416 | $ 199,399 |

## Note 9 - Leases:

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes. Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Operating lease expenditures for the year ended June 30, 2011 were $33,168.

| Year | |
|---|---|
| 2012 | $ 33,168 |
| 2013 | 17,988 |
| Present value of minimum lease payments | $ 51,156 |

The accompanying independent auditor's report is an integral part of these notes.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment has been installed in several of the schools (or description of other equipment being leased). The equipment is leased for a period of ten years beginning May 13, 2004. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available. The future minimum lease obligations as of June 30, 2011, are as follows:

| Year Ending June 30 | Interest Rate | Principal | Interest | Total |
|---|---|---|---|---|
| 2012 | 4.50% | $ 97,416 | $ 11,363 | $ 108,779 |
| 2013 | 4.50% | 101,891 | 6,888 | 108,779 |
| 2014 | 4.50% | 97,508 | 2,208 | 99,716 |
| Total | | $ 296,815 | $ 20,459 | $ 317,274 |

## 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, 2011, the Board's total payroll for all employees was $11,823,221 and the payroll was $10,922,497 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) 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.

The accompanying independent auditor's report is an integral part of these notes.

**Trend Information:** Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

**Conversion of leave for post-retirement:** Upon retirement, an employee's 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 or 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 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.

The accompanying independent auditor's report is an integral part of these notes.

**Funding Status:** According to the 2010 Actuarial Valuation Report of the Teachers' Retirement System, the plan's actuarial unfunded liability was $ 4.8 billion as of July 1, 2010.

**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 members' gross compensation to the retirement plan, for a total of 13.5% annually.

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, 2011, and the two previous years were:

| Year ended June 30, | 2009 | 2010 | 2011 |
|---|---|---|---|
| Required contributions | $ 404,547,000 | $ 487,886,000 | $ 471,171,000 |
| Percent of current year covered payroll | 25.89 % | 29.57 % | 28.55 % |

The financial statements include amounts paid for/on behalf of the county by the State of West Virginia for the unfunded liability portion of retirement benefits. The for/on behalf payment for the year ended June 30, 2011 was $2,714,042.

Total payments reflected in the Board's financial statements to the defined benefit plan for FY 2011 were:

| | |
|---|---|
| Employees' contributions (6%) | $ 601,138 |
| Employer's contributions (15% or 7.5%) | 1,007,035 |
| Total contributions | $ 1,608,173 |

### 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.

The accompanying independent auditor's report is an integral part of these notes.

Effective July 1, 2005, the Teachers' 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. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

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: Orchard SecureFoundation Balanced, Orchard Lifetime 2015 Fund II, Orchard Lifetime 2025 Fund II, Orchard Lifetime 2035 Fund II, Orchard Lifetime 2045 Fund II, Orchard Lifetime 2055 Fund II, American Funds EuroPacific R5, Mutual Global Discovery Fund – Z, Heartland Value Plus Inst, Sentinel Small Company I, Vanguard Small-Cap Index Fund – Inv, Scout Mid Cap, Westcore Select, JHancock Large Cap Equity I, Putnam Equity Income Y, Vanguard Large Cap Index Inv, PIMCO Total Return Fund – Admin, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund and Valic Individually Allocated Fixed Annuity.

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, 2010, this plan had approximately $260 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 Great West, 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.

The accompanying independent auditor's report is an integral part of these notes.

**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 FY 2011 were:

| | |
|---|---|
| Employees' contributions (4.5%) | $ 40,661 |
| Employer's contributions (7.5%) | 67,769 |
| Total contributions | $ 108,430 |

## Note 11 - Post Employment Benefits Other Than Pension:

The Governmental Accounting Standards Board (GASB) issued Statement 45 in 2004 to establish standards for the measurement, recognition, and reporting of OPEB expenses/expenditures and related liabilities.

Other post employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001 to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits; vested the responsibility for operation of the fund with the PEIA Board of Finance; required the Board of Finance to adopt actuarial assumptions and determine the annual required contribution (ARC) rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits; required the board to have an actuarial valuation conducted at least biannually; required the Board of Finance to set the total ARC sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles; required the Board of Finance to bill all participating employers their share of the ARC, and; required participating employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.

The accompanying independent auditor's report is an integral part of these notes.

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001 may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

The accompanying independent auditor's report is an integral part of these notes.

Based on the latest actuarial evaluation of the RHBT, the annual required contribution (ARC) for the State and the boards of education for fiscal year ended June 30, 2011 was determined to be:

| | Total | Amount/ Policy Holder |
|---|---|---|
| Total annual required contribution | $ 816,274,000 | $ 10,844 |
| Pay as you go – retiree subsidy | (145,671,196) | ( 1,935) |
| Remaining ARC | $ 670,602,804 | $ 8,909 |

The following summarizes the Board's OPEB activity:

| | |
|---|---|
| Total OPEB expense for fiscal year ending June 30, 2011 | $ 1,873,274 |
| OPEB liability at June 30, 2010 | 2,067,926 |
| OPEB liability at year end | $ 3,941,200 |
| Other post employment benefits payable – state aid funded | $ 3,620,001 |
| Other post employment benefits payable – all other employees | 321,199 |
| | $ 3,941,200 |

It is the opinion of the Board that the State is constitutionally required to appropriate sufficient funds to cover the cost of the ARC for personnel funded through the Public School Support Program (PSSP), however, no additional funds have been appropriated for this purpose as of the date of this report. Furthermore, the Board has elected, pursuant to the provisions of WVC 5-16D-6, not to remit to the RHBT any amount in excess of the minimum annual required premium payment. As a result of this OPEB expense, the board has incurred a deficit in the general current expense fund.

## Note 12 - 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 material 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.

The accompanying independent auditor's report is an integral part of these notes.

## Note 13 – Unassigned Fund Balance – Designated:

The Board has designated a portion of the unassigned balance of the General Current Expense Fund at June 30, 2011 to be expended for the following purposes:

| Purpose | Amount |
|---|---|
| Scholarship Fund | $ 90,355 |
| Total unassigend fund balance - designated | $ 90,355 |

## Note 14 - Fund Balance

The detailed components of the various fund balance categories as of June 30, 2011, are as follows:

**Fund Balance Detail**

| Fund Balances | General Current Expense Fund | Capital Projects Fund | Total Governmental |
|---|---|---|---|
| **Nonspendable:** | | | |
| Inventory | $ -0- | $ -0- | $ -0- |
| Prepaid items | -0- | -0- | -0- |
| **Restricted for:** | | | |
| Capital projects | -0- | 59,648 | 59,648 |
| **Committed to:** | | | |
| EHHS House project | 34,245 | -0- | 34,245 |
| Scholarships | 90,355 | -0- | 90,355 |
| **Assigned to:** | | | |
| Encumbrances (see note) | -0- | -0- | -0- |
| Local projects | 269,300 | -0- | 269,300 |
| **Unassigned** | (3,403,680) | -0- | (3,403,680) |
| Total fund balances | $ (3,009,780) | $ 59,648 | $ (2,950,132) |

The accompanying independent auditor's report is an integral part of these notes.

## Note 15 – Commitments, Contingencies and Subsequent Events:

During the fiscal year ended June 30, 2010, the Board was awarded a grant of $4,263,096 from the School Building Authority (SBA) to finance the renovation of Moorefield Elementary School.

During the fiscal year ended June 30, 2010, the Board began pursuing legal action against the State of West Virginia to seek legislative funding through the Public School Support Program to offset the costs of providing other postemployment benefits to employees otherwise funded through the Program. If successful, the Board would receive funding sufficient to satisfy the current liability entitled "other postemployment benefits payable – state aid eligible employees" on the accompanying financial statement and to pay any future amounts billed by PEIA for state aid eligible employees.

## Note 16 - Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| **Due to/from other funds:** | | |
| General Fund | Special Projects | $ 12,824 |
| Capital Fund | General Fund | $ 7,939 |
| Special Funds | General Fund | $ 541,011 |

### Interfund Transfers

*$12,824 was transferred to the General Fund from the Special Revenue Fund of $11,050 and Special Revenue ARRA Fund of $1,774 for indirect costs. The amount of $7,939 transferred to the Capital Fund from General Fund was local share of Safety Access Grant. The Special Fund from General Fund in the amount of $541,011 was local share of food service.*

The accompanying independent auditor's report is an integral part of these notes.

## Note 17 – Major Sources of Revenues:

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.

## Note 18 – Evaluation of Subsequent Events:

The Board of Education's management has evaluated subsequent events through March 16, 2012, the date the financial statements were available to be issued.

The accompanying independent auditor's report is an integral part of these notes.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL CURRENT EXPENSE FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| Property taxes | $ 4,639,828 | $ 4,927,321 | $ 4,968,197 | $ 40,876 |
| Other local sources | 151,260 | 208,803 | 314,011 | 105,208 |
| State sources | 9,728,523 | 9,712,767 | 12,477,105 | 2,764,338 |
| Federal sources | 428,012 | 444,973 | 678,267 | 233,294 |
| Miscellaneous sources | -0- | 2,761 | 2,761 | -0- |
| Total revenues | 14,947,623 | 15,296,625 | 18,440,341 | 3,143,716 |
| **Expenditures** | | | | |
| Instruction | 8,443,418 | 8,917,649 | 11,241,529 | (2,323,880) |
| Supporting services: | | | | |
| Students | 630,090 | 583,158 | 761,761 | ( 178,603) |
| Instructional staff | 539,020 | 608,432 | 838,052 | ( 229,620) |
| District administration | 558,070 | 568,531 | 721,726 | ( 153,195) |
| School administration | 909,290 | 913,290 | 1,310,604 | ( 397,314) |
| Business | 178,190 | 179,816 | 225,661 | ( 45,845) |
| Operation and maintenance of facilities | 1,674,560 | 1,713,512 | 1,874,094 | ( 160,582) |
| Student transportation | 1,568,330 | 1,662,106 | 1,990,395 | ( 328,289) |
| Food services | -0- | 1,343 | 240,373 | ( 239,030) |
| Community services | 24,570 | 27,654 | 37,539 | ( 9,885) |
| Capital outlay | -0- | -0- | 74,082 | ( 74,082) |
| Debt service | 108,780 | 108,780 | 108,779 | 1 |
| Total expenditures | 14,634,318 | 15,284,271 | 19,424,595 | (4,140,324) |
| Excess (deficiency) of revenues over (under) expenditures | 313,305 | 12,354 | ( 984,254) | ( 996,608) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 19,359 | 19,359 | 13,982 | ( 5,377) |
| Transfers (out) | ( 622,664) | ( 608,688) | ( 550,108) | 58,580 |
| Total other financing sources (uses) | ( 603,305) | ( 589,329) | ( 536,126) | 53,203 |
| Change in fund balances | ( 290,000) | ( 576,975) | ( 1,520,380) | ( 943,405) |
| Fund balances – beginning | 290,000 | 576,975 | ( 1,489,400) | (2,066,375) |
| Fund balances (deficit) – ending | $ -0- | $ -0- | $ ( 3,009,780) | $ (3,009,780) |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| Local sources | $ 267,132 | $ 267,132 | $ 247,189 | $ ( 19,943) |
| State sources | 780,601 | 985,468 | 959,666 | ( 25,802) |
| Federal sources | 1,880,537 | 2,300,226 | 2,193,353 | (106,873) |
| Total revenues | 2,928,270 | 3,552,826 | 3,400,208 | (152,618) |
| **Expenditures** | | | | |
| Instruction | 1,213,283 | 1,492,246 | 1,386,721 | 105,525 |
| Supporting services: | | | | |
| Students | 131,669 | 321,441 | 306,132 | 15,309 |
| Instructional staff | 328,578 | 390,867 | 309,337 | 81,530 |
| Central administration | -0- | -0- | 1,370 | ( 1,370) |
| School administration | -0- | -0- | 12 | ( 12) |
| Business | -0- | 3,806 | 1,619 | 2,187 |
| Operation and maintenance of facilities | -0- | 24,000 | 20,000 | 4,000 |
| Student transportation | 205,559 | 221,050 | 187,972 | 33,078 |
| Food services | 1,543,604 | 1,599,381 | 1,526,948 | 72,433 |
| Community services | 62,049 | 200,269 | 179,477 | 20,792 |
| Total expenditures | 3,484,742 | 4,253,060 | 3,919,588 | 333,472 |
| Excess (deficiency) of revenues over (under) expenditures | ( 556,472) | ( 700,234) | ( 519,380) | 180,854 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 607,530 | 607,530 | 541,011 | ( 66,519) |
| Transfers (out) | ( 51,058) | ( 21,936) | ( 11,050) | 10,886 |
| Total other financing sources (uses) | 556,472 | 585,594 | 529,961 | ( 55,633) |
| Change in fund balances | -0- | ( 114,640) | 10,581 | 125,221 |
| Fund balance – beginning | -0- | 114,640 | ( 10,581) | (125,221) |
| Fund balances – ending | $ -0- | $ -0- | $ -0- | $ -0- |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - ARRA
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Amounts | (Unfavorable) |
| **Revenues** | | | | |
| Federal sources | $ 733,054 | $ 1,392,141 | $ 1,055,776 | $ (336,365) |
| Total revenues | 733,054 | 1,392,141 | 1,055,776 | (336,365) |
| **Expenditures** | | | | |
| Instruction | 733,054 | 1,369,350 | 1,038,286 | 331,064 |
| Supporting services: | | | | |
| Students | -0- | 13,752 | 9,075 | 4,677 |
| Instructional staff | -0- | -0- | 2,598 | ( 2,598) |
| Student transportation | -0- | 7,000 | 4,043 | 2,957 |
| Total expenditures | 733,054 | 1,390,102 | 1,054,002 | 336,100 |
| Excess (deficiency) of revenues over (under) expenditures | -0- | 2,039 | 1,774 | ( 265) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | -0- | -0- | -0- | -0- |
| Transfers (out) | -0- | ( 2,039) | ( 1,774) | 265 |
| Total other financing sources (uses) | -0- | ( 2,039) | ( 1,774) | 265 |
| Change in fund balances | -0- | -0- | -0- | -0- |
| Fund balance – beginning | -0- | -0- | -0- | -0- |
| Fund balance – ending | $ -0- | $ -0- | $ -0- | $ -0- |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
# REQUIRED SUPPLEMENTAL INFORMATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
# FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---|---|---|---|
| | Original | Final | Amounts | Favorable (Unfavorable) |
| **Revenues** | | | | |
| State sources | $ -0- | $ 4,045,175 | $ 2,075,206 | $ (1,969,969) |
| Total revenues | -0- | 4,045,175 | 2,075,206 | (1,969,969) |
| **Expenditures** | | | | |
| Capital outlay | -0- | 4,212,998 | 2,225,253 | 1,987,745 |
| Operation and maintenance of facilities | -0- | 60,865 | 18,993 | 41,872 |
| Total expenditures | -0- | 4,273,863 | 2,244,246 | 2,029,617 |
| Excess (deficiency) of revenues over (under) expenditures | -0- | ( 228,688) | ( 169,040) | 59,648 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | -0- | 7,939 | 7,939 | -0- |
| Transfers (out) | -0- | -0- | -0- | -0- |
| Total other financing sources (uses) | -0- | 7,939 | 7,939 | -0- |
| Net change in fund balances | -0- | ( 220,749) | ( 161,101) | 59,648 |
| Fund balance – beginning | -0- | 220,749 | 220,749 | -0- |
| Fund balance – ending | $ -0- | $ -0- | $ 59,648 | $ 59,648 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

# HARDY COUNTY BOARD OF EDUCATION
## SUPPLEMENTAL INFORMATION
## SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
## FOR THE YEAR ENDED JUNE 30, 2011

| | Cash Balance 07/01/2010 | Revenues Received | Expenditures Paid | Cash Balance 06/30/2011 |
|---|---|---|---|---|
| Moorefield Elementary School | $ 46,718 | $ 60,314 | $ 65,657 | $ 41,375 |
| East Hardy Early Middle School | 58,046 | 113,680 | 105,301 | 66,425 |
| Moorefield Intermediate School | 34,390 | 88,576 | 71,829 | 51,137 |
| Moorefield Middle School | 79,921 | 166,256 | 170,693 | 75,484 |
| East Hardy High School | 126,745 | 239,772 | 233,619 | 132,898 |
| Moorefield High School | 63,764 | 210,187 | 206,511 | 67,440 |
| Food Service: | | | | |
| Moorefield Elementary School | 100 | 32,982 | 32,982 | 100 |
| East Hardy Early Middle School | 100 | 52,024 | 52,024 | 100 |
| Moorefield Intermediate School | 60 | 24,578 | 24,538 | 100 |
| Moorefield Middle School | 185 | 27,856 | 27,941 | 100 |
| East Hardy High School | 100 | 29,258 | 29,258 | 100 |
| Moorefield High School | 100 | 28,891 | 28,891 | 100 |
| Total | $ 410,229 | $ 1,074,374 | $ 1,049,244 | $ 435,359 |

The accompanying independent auditor's report and notes to the financial statements are integral parts of these financial statements.

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# 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*

To the Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

We have audited the financial statements of the governmental activities and each major fund, of the Hardy County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Hardy County Board of Education's basic financial statements and have issued our report thereon dated March 16, 2012. 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 the Hardy County 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 the Hardy County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hardy County Board of Education's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardy County 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 certain other matters that we reported to management of Hardy County Board of Education in a separate letter dated March 16, 2012.

This report is intended solely for the information and use of the Board Members, the West Virginia State Auditor's Office, 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.

Petrick & Bartlett, PLLC

March 16, 2012

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

To The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

## Compliance

We have audited Hardy County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hardy County Board of Education's major federal programs for the year ended June 30, 2011. Hardy County 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 Hardy County Board of Education's management. Our responsibility is to express an opinion on Hardy County 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 the Hardy County 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 the Hardy County Board of Education's compliance with those requirements.

In our opinion, the Hardy County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the Hardy County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hardy County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Hardy County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Hardy County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hardy County Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management, the Board Members, others within the entity, the West Virginia State Auditor's Office, 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.

Tetrick & Bartlett, PLLC
March 16, 2012

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE YEAR ENDED JUNE 30, 2011

## A. Summary of Auditor's Results

### Financial Statements

Type of auditors' report issued: Unqualified Opinion

| | |
|---|---|
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified not considered to be material weaknesses? | None Reported |
| Noncompliance material to financial statements noted? | No |

### Federal Awards

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | None Reported |
| Type of auditors' report issued on compliance for major programs: | Unqualified Opinion |
| Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? | No |

Identification of major programs:

| | |
|---|---|
| **U.S. Department of Agriculture** | |
| ***Child Nutrition Cluster:*** | |
| School Breakfast Program | CFDA #10.553 |
| National School Lunch Program | CFDA #10.555 |
| Summer Food Service Program for Children | CFDA #10.559 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| | |
|---|---|
| **U.S. Department of Education** | |
| ***Title I, Part A Cluster*** | |
| Title I Grants to Local Educational Agencies | CFDA #84.010 |
| **ARRA** – Title I Grants to Local Educational Agencies | CFDA #84.389 |
| ***Special Education Cluster:*** | |
| Special Education – Grants to States | CFDA #84.027 |
| Special Education – Preschool Grants | CFDA #84.173 |
| **ARRA** – Special Education – Grants to States | CFDA #84.391 |
| **ARRA** – State Fiscal Stabilization Fund (SFSF) – Education State Grants | CFDA #84.394 |
| Dollar threshold used to distinguish between Type A and Type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | ___ yes X no |

## B. Findings - Financial Statements Audit

None

## C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| Passed-through West Virginia Office of the State Auditor Public Utilities Division | | | |
| Secure Payments for States and Counties Containing Federal Lands | 10.665 | N/A | $ 76,784 |
| Pass-through West Virginia Department of Education | | | |
| Child and Adult Care Food Program | 10.558 | 88 | 179,447 |
| ***Child Nutrition Cluster:*** | | | |
| Passed-through State Department of Health and Human Resources – Food Donation – National School Lunch Program | 10.555 | 88 | 128,436 |
| Pass-through the West Virginia Department of Education | | | |
| School Breakfast Program | 10.553 | 88 | 154,952 |
| National School Lunch Program | 10.555 | 88 | 471,144 |
| Summer Food Service Program for Children | 10.559 | 88 | 20,601 |
| Total U.S. Department of Agriculture | | | $ 1,031,364 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Interior** | | | |
| Passed-through West Virginia Office of the State Auditor | | | |
| Program Title | | | |
| Minerals Management Service Royalty Management Program | 15.UNK | N/A | $ 43 |
| Total U.S. Department of Interior | | | $ 43 |
| **U.S. Department Education** | | | |
| Passed through the West Virginia Department of Education | | | |
| Program Title | | | |
| ***Title I Cluster:*** | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 41 | $ 410,243 |
| **ARRA – Title I Grants to Local Educational Agencies** | 84.389 | 41 | 129,529 |
| ***Special Education Cluster:*** | | | |
| Special Education – Grants to States | 84.027 | 43 | 513,902 |
| Special Education – Preschool Grants | 84.173 | 43 | 19,764 |
| **ARRA – Special Education – Grants to States** | 84.391 | 43 | 64,741 |
| Migrant Education – State Grant Programs | 84.011 | 41 | 111,068 |
| Career and Technical Education – Basic Grants to States | 84.048 | 50 | 23,454 |
| Safe and Drug-Free Schools and Communities – State Grants | 84.186 | 48 | 859 |
| Reading First State Grant | 84.357 | 41 | 20,412 |
| English Language Acquisition Grants | 84.365 | 45 | 15,790 |
| Improving Teacher Quality State Grants | 84.367 | 40 | 123,282 |
| **ARRA – Education Jobs Fund** | 84.410 | 52 | 128,451 |

# HARDY COUNTY BOARD OF EDUCATION
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
# FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department Education (Cont'd)** | | | |
| **ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants** | 84.394 | 52 | $ 733,054 |
| Total U.S. Department of Education | | | $ 2,294,549 |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | | $ 3,325,956 |

N/A = Not available

The accompanying notes are an integral part of this schedule.

# HARDY COUNTY BOARD OF EDUCATION
# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED JUNE 30, 2011

## 1. Basis of Presentation

The accompanying schedule of Expenditures of Federal Awards includes the federal grant activity of the Board of Education and is prepared on the accrual basis of accounting. 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 preparation of the financial statements.

## 2. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The Board received and disbursed $128,436 in food commodities in the Donated Foods Program for the year ended June 30, 2011.

## 3. Secure Payments for State and Counties Containing Federal Lands

Secure Payments for State and Counties Containing Federal Lands CFDA# 10.665 Program expenditures of federal awards is based on the amount of federal funds received. The revenues may be used for various purposes which are part of the general expenditures of the Board. As a result, the total amount of federal revenues received are presumed to be expended during the fiscal year.

# HARDY COUNTY BOARD OF EDUCATION
# SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
# FOR THE YEAR ENDED JUNE 30, 2011

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Reference Number:**

There were no Findings and Questioned Costs relative to federal awards for the prior audit period of July 1, 2009 to June 30, 2010.

**Tetrick & Bartlett, PLLC**
*Certified Public Accountants*
*Consultants*

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

March 16, 2012

The Honorable Members of the
Hardy County Board of Education
Moorefield, West Virginia

In planning and performing our audit of the financial statements of the Hardy County Board of Education for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Board's internal control in our report dated March 16, 2012.) This letter does not affect our report dated March 16, 2012, on the financial statements of the Hardy County Board of Education.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Board personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

***Invoices Dated Prior to the Purchase Orders***

During our tests of disbursements, we noted (2) two invoices that were dated prior to the purchase order date.

We recommend that the purchase order be approved before the actual purchase is made. Therefore, Hardy County Board of Education's management will be provided with a means of maintaining control over purchases to ensure that funds are available and that unauthorized purchases are not made.

### Credit Card Purchases

During our audit we noted (1) one instance where management of the Board of Education did not always obtain a detailed invoice or support for credit card charges.

We recommend that the Hardy County Board of Education management take the necessary steps to ensure that all credit card purchases are approved and supported by detailed invoices or other support documentation.

### Board Member Compensation

We noted during our audit that for (1) one board meeting, the meeting minutes reflected that a member was absent. However, the "Member Present/Absent" log in sheet was noted as the member being present. We recommend that Management of the Board of Education establish procedures so that the meeting minutes are in agreement with the "Member Present/Absent" log in sheet. This procedure is important since the Board member's compensation is based on the number of meetings attended.

We wish to thank the Treasurer and her staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board Members, management, and others within the Board and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

March 16, 2012

**APPENDIX B**

## ECONOMIC AND DEMOGRAPHIC DATA
## COUNTY OF HARDY (WEST VIRGINIA)

Introduction

| | |
|---|---|
| Location: | Hardy County (the "County") is located in the Eastern Panhandle of West Virginia. Driving distance from the County Seat is approximately 163 miles to Pittsburgh, PA, 125 miles to Washington, DC, 156 miles to Baltimore, MD and 208 miles to Charleston, WV. |
| County Seat: | Town of Moorefield, West Virginia |
| The County: | The County is governed by, and generally acts through, The County Commission of Hardy County. The Commissioners of the County Commission are elected on a countywide basis. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission. |
| Commissioners: | Michael Teets, President<br>AJ Wade, Commissioner<br>William KeplingerJr., Commissioner |

Population

| Year | Hardy County | West Virginia | United States |
|---|---|---|---|
| 2010 | 14,069 | 1,854,368 | 309,330,219 |
| 2009 | 13,885 | 1,847,775 | 306,771,529 |
| 2008 | 13,793 | 1,840,310 | 304,093,966 |
| 2007 | 13,807 | 1,834,052 | 301,231,207 |
| 2006 | 13,611 | 1,827,912 | 298,379,912 |

Source: U.S. Bureau of Economic Analysis

**Per Capita Personal Income**

| County | Rank in State In 2010 | 2010 | 2006 |
|---|---|---|---|
| United States | --- | $38,846 | $37,725 |
| West Virginia | --- | $32,042 | $28,372 |
| Hardy County | 45 | $25,222 | $23,426 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Largest Employers in County (2011)**

| Employer |
|---|
| 1. Pilgrim's Pride Corporation of West Virginia |
| 2. American Woodmark Corporation |
| 3. Hardy County Board of Education |
| 4. Wal-Mart Associates, Inc. |
| 5. Eastern WV Community & Technical College |
| 6. Summit Community Bank, Inc. |
| 7. Grant County Mulch, Inc. |
| 8. E. A. Hawse Nursing and Rehabilitation Center, Inc. |
| 9. E. A. Hawse Health Center, Inc. |
| 10. Hardy County Commission |

**Average Annual Unemployment Rates (%)**

| Year | Hardy County | West Virginia | U.S. |
|---|---|---|---|
| 2011 | 8.4 | 8.0 | 8.9 |
| 2010 | 10.3 | 8.5 | 9.6 |
| 2009 | 9.2 | 7.7 | 9.3 |
| 2008 | 4.5 | 4.2 | 5.8 |
| 2007 | 3.8 | 4.2 | 4.6 |

Source: WORKFORCE West Virginia; U.S. Department of Labor, Bureau of Labor Statistics

**Average Employment and Annual Wage**

| | Average Employment | | Average Weekly Wage | |
|---|---|---|---|---|
| | 2011 | 2006 | 2011 | 2006 |
| Hardy County | 5,851 | 6,746 | 624.71 | 481.87 |
| West Virginia | 701,871 | 705,281 | $751.77 | $629.31 |

**Average Annual Employment by Industry**

| Industry | 2011 | 2006 |
|---|---|---|
| Natural Resources | 48 | 75 |
| Construction | 109 | 194 |
| Manufacturing | 2,816 | 3,601 |
| Trade, Transportation & Utilities | 748 | 879 |
| Information | 87 | 84 |
| Financial Activities | 158 | 172 |
| Professional & Business Services | 179 | 150 |
| Education & Health Services | 462 | 351 |
| Leisure & Hospitality | 325 | 409 |
| Government | 830 | 748 |
| Other | 89 | 83 |
| TOTAL | 5,851 | 6,746 |

**Wages Per Industry (2011) ($)**

| Industry | Total Wages | Average Annual Wage |
|---|---|---|
| Natural Resources | 1,741,927 | 36,290 |
| Construction | 3,388,021 | 31,083 |
| Manufacturing | 83,287,680 | 29,577 |
| Trade, Transportation & Utilities | 18,353,222 | 24,536 |
| Information | 2,639,982 | 30,345 |
| Financial Activities | 5,069,560 | 32,086 |
| Professional & Business Services | 6,650,288 | 37,152 |
| Education & Health Services | 12,920,222 | 27,966 |
| Leisure and Hospitality | 3,695,430 | 11,371 |
| Government | 24,647,598 | 29,696 |
| Other Services | 2,808,306 | 22,638 |
| TOTAL | 164,474,236 | 28,110 |

**Total Wages ($)**

| Year | Hardy County | West Virginia |
|---|---|---|
| 2011 | 164,474,236 | 27,437,330,374 |
| 2010 | 165,021,306 | 26,100,976,332 |
| 2009 | 160,267,165 | 25,528,702,813 |
| 2008 | 164,585,483 | 25,534,204,980 |
| 2007 | 170,677,151 | 24,083,126,318 |

**APPENDIX C**

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Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

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October 25, 2012

The Board of Education of the County of Hardy
Moorefield, West Virginia

Re: $21,545,000 The Board of Education of Hardy County
[West Virginia] Public School Bonds, Series 2012

Dear Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of $21,545,000 Public School Bonds, Series 2012 (the "Bonds"), of Hardy County School District, by and through The Board of Education of the County of Hardy (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated October 25, 2012, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2013, at the rates set forth in the Official Statement of the Issuer, dated October 11, 2012.

The Bonds were authorized at the primary election held in the Hardy County School District on May 8, 2012, and by a Resolution and Order adopted by the Issuer on January 30, 2012, as supplemented (such Resolution and Order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation, repair and equipping of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Hardy County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution, a Tax and Arbitrage Certificate of the Issuer dated the date hereof (the "Tax Certificate") and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representatives, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authorized.

Very truly yours,

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**APPENDIX D**

# HARDY COUNTY BOARD OF EDUCATION
# PROPOSED PROJECTS

| PROJECT | LOCATION | ESTIMATED COST |
|---|---|---|
| **East Hardy High School**<br><br>Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12. | Existing East Hardy High School<br>259 Cougar Drive<br>Baker, West Virginia | **$19,459,304** |
| **Moorefield High School**<br><br>Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12. | Existing Moorefield High School<br>US Rte 220<br>Moorefield, West Virginia | **$23,630,696** |
| **TOTAL ESTIMATED PROJECT COST** | | **$43,090,000** |
| **Approximate Total Cost to be Paid from SBA Grants and/or other sources:** | | **$21,545,000** |
| **Approximate Total Cost to be paid from bond proceeds:** | | **$21,545,000** |
| **Approximate Total Cost of Projects:** | | **$43,090,000** |

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**APPENDIX E**

## BOOK-ENTRY ONLY SYSTEM

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 the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

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. 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.

10. 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.

11. 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.

**APPENDIX F**

## ELECTED OFFICIALS OF THE BOARD

### Board Members:

**Margaret Shriver, President**

Shriver graduated from Moorefield High School in 1977 and attended West Virginia University and Shepherd College. She is the Vice President/Financial Center Manager at Pendleton Community Bank in Moorefield, WV. This is her second term as a board member of Hardy County Schools. Shriver represents the Board on the Regional Educational Service Agencies Committee. She attends Believer's Victory Center in Moorefield.

Margaret Shriver is married to Allen "Pete" Shriver and they have three children and three grandchildren.

**Loy D. Kesner, Vice-President**

Kesner graduated from Moorefield High School in 1982. He is the owner and operator of Panhandle Technologies. He is a paramedic and has served the community for 16 years with the local ambulance squad. This is his second term as a board member of Hardy County Schools. Kesner represents the Board on the South Branch Career and Technical Center Committee. He is a member of the deacon board at Petersburg First Baptist Church.

Loy Kesner is married to Paula Leatherman Kesner. He is the father of three children and three grandchildren.

**Rodney Barr, Board Member**

Barr graduated from Moorefield High School in 1979. He is employed by Valley View Golf Course as Superintendent. He is the owner and operator of Barr's Repair. This is his first term as a board member of Hardy County Schools. Barr represents the Board on the Hardy County Parks and Recreation Committee. He is a member of the Oak Dale Christian Church at Rig, WV.

Rodney Barr is married to Tina Snyder Barr. He is the father of two children.

**Dixie T. Bean, Board Member**

Bean is a 1972 graduate of West Virginia University School of Pharmacy and retired from CVS in 2005. She continues to practice pharmacy part-time at E. A. Hawse Clinic Pharmacies in Baker and Wardensville. Bean is also a Paramedic and runs with Fraley Ambulance Service in Moorefield. Bean represents the Board on the Hardy County Local Emergency Planning Council and the Community Development Committees. She is, also, on the Board of Governors of Eastern WV Community and Technical College, Hardy County Board of Health, a RESA VIII instructor, Hardy County Parks and Recreation Commission and Coordinator of the Hardy County Training Center of the American Heart Association.

Dixie Bean is married to attorney Oscar M. Bean and they have two daughters and two grandchildren.

**Nancy Hahn, Board Member**

Hahn graduated from Wardensville High School in 1975 and Marshall University in 1986 with a degree in Early Childhood Education. She is currently employed by her oldest son, Joseph Hahn Enterprizes, PLLC. This is her second term on the Hardy County Board of Education. Hahn represents the Board on the Hardy County Extension Service Board and the 4-H Camp Association.

Hahn looks forward to serving the people of Hardy County. "It is going to be an exciting and busy time for all of us with the construction of the two high schools."
Nancy Hahn was born and raised in Wardensville, WV. The daughter of the late Charles "Pete" Vance and Virginia Vance, both were teachers for Hardy County Schools. She has four sons, all graduates of East Hardy High School, and seven grandchildren.

## APPOINTED OFFICIALS OF THE BOARD

SUPERINTENDENT

**Barbara Whitecotton, Superintendent of Hardy County Schools:**

Whitecotton began her career in education in 1972 as a teacher of special education students in the Pendleton County School system. She moved to Hardy County in 1977 and began teaching special education students at Moorefield High School. In 1993, she began her administrative career by accepting an assistant principal's position at East Hardy Early Middle School. In 1997, she became the first principal of the newly opened Moorefield Middle School. After serving as principal for eight years, she was promoted to the Central Office as Assistant Superintendent and in 2004. She was hired as the Interim Superintendent of Hardy County Schools in August 2008 and accepted the position of Superintendent in December 2008.

Whitecotton is a native of the South Branch Valley. Her early years were spent in Pendleton County, but she has lived in Hardy County since 1977. Whitecotton has dedicated her life to her career in education and serving the needs of students.

TREASURER

**Veeta Burgess, Treasurer of Hardy County Schools.**

Burgess earned a bachelor's degree in Business with a minor in Accounting from Shepherd University in December of 1992. Burgess began her career with Hardy County Schools in October 1993 as the Finance Director. She is a member of West Virginia School Business Officials.

She is married to Daniel Burgess and they have 3 children and 7 grandchildren.

**APPENDIX G**

## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of October 25, 2012, is by and between the Board of Education of the County of Hardy (the "Board") and United Bank, Inc., as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 (the "Series 2012 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof. The Board agrees as follows:

**SECTION 1**. Purpose of Agreement. This Agreement is being executed and delivered by the Board and the Disclosure Agent for the benefit of the holders and beneficial owners of the Series 2012 Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

**SECTION 2.** Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2012 Bonds in Appendix A entitled "Audit Report of Hardy County Board of Education for Fiscal Year Ended June 30, 2011," which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Board's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries).

"Disclosure Agent" shall initially mean United Bank, Inc. and any later appointed Disclosure Agent or any successor Disclosure Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Disclosure Representative" shall mean the Treasurer of the Board.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2012 Bonds who are required to comply with the Rule in connection with offering of the Series 2012 Bonds.

"Repository" shall mean each National 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.

"Series 2012 Bonds" shall mean the $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012.

**SECTION 3.** Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than 270 days after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2012(FY 2012), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements 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 Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

**SECTION 4.** Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Board or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Board shall clearly identify each such other document so included by reference.

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2012 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other events affecting the tax status of the Series 2012 Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the 2012 Series Bond, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Board[1];

13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Disclosure 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 Board promptly notify the Disclosure Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

---

[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

**SECTION 6.** Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds. If such termination occurs prior to the final maturity of the Series 2012 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

**SECTION 7.** Disclosure Agent. United Bank, Inc. is hereby appointed as Disclosure Agent. The Board may, from time to time, appoint or engage an alternate or successor Disclosure Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Disclosure Agent. The Disclosure Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Agreement.

**SECTION 8.** Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Board and the Disclosure Agent may amend this Agreement, and any provision of this 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 the Board with respect to the Series 2012 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 Series 2012 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 Series 2012 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, 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. 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 any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements 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 Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

**SECTION 10.** Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**SECTION 11.** Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

| | |
|---|---|
| To the Board: | The Board of Education of the County of Hardy<br>510 Ashby Street<br>Moorefield, WV 26836 |
| To the Disclosure Agent: | United Bank, Inc.<br>ATTN: Corporate Trust<br>500 Virginia Street, East<br>Charleston, WV 25301-2135 |

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 12.** Beneficiaries. This Agreement shall inure solely to the benefit of the Board, the Disclosure Agent, the Underwriter and holders and beneficial owners from time to time of the Series 2012 Bonds, and shall create no rights in any other person or entity.

**SECTION 13.** Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 14.** Fees. The Board agrees to pay all fees and expenses of the Disclosure Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Disclosure Agent's duties.

**SECTION 15.** Right to Resign. The Disclosure Agent may resign at any time by providing thirty (30) days' written notice to the Board.

**SECTION 16.** Right to Counsel. The Disclosure Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

**SECTION 17.** Duties of Disclosure Agent. The Disclosure Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Disclosure Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Disclosure Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Disclosure Agent in its individual capacity may be sold or otherwise transferred, shall be the Disclosure Agent under this Agreement without further act. Anything in this Agreement to the contrary notwithstanding, in no event shall the Disclosure Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Disclosure Agent has been advised of such loss or damage and regardless of the form of action. The Board will, for the benefit of the Disclosure Agent and Disclosure Agent's employees, directors, agents, subsidiaries, affiliates, successors and assigns, assume all liability and/or be responsible to pay for any and all claims, demands, causes of action, losses, damages, liabilities, penalties, costs and expenses (including reasonable attorney's fees) relating to this Agreement, to the extent assessed by a court of competent jurisdiction.

**IN WITNESS WHEREOF**, the Board and the Disclosure Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: _____

UNITED BANK, INC., as Disclosure Agent

By: _____

Its: _____

Date: October 25, 2012

**EXHIBIT A**

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | The Board of Education of the County of Hardy |
| Name of Bond Issue: | $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012 |
| Date of Bond Issue: | October 25, 2012 |

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of October 25, 2012, to be provided. The Board anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

United Bank, Inc., as Disclosure Agent
on behalf of the Board

cc: Board

# Track & Confirm

GET EMAIL UPDATES PRINT DETAILS

| YOUR LABEL NUMBER | SERVICE | STATUS OF YOUR ITEM | DATE & TIME | LOCATION | FEATURES |
|---|---|---|---|---|---|
| 9171082133393863420553 | First-Class Mail® | Delivered | October 27, 2012, 5:25 pm | OGDEN, UT 84201 | Return Receipt Electronic |
| | | Processed through USPS Sort Facility | October 27, 2012, 4:57 am | SALT LAKE CITY, UT 84199 | |
| | | Arrival at Unit | October 27, 2012, 4:57 am | SALT LAKE CITY, UT 84199 | |
| | | Electronic Shipping Info Received | October 25, 2012 | | |

**Check on Another Item**

What's your label (or receipt) number?

Find



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101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

Bowles Rice 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

6000 Town Center Boulevard, Suite 210
Canonsburg, Pennsylvania 15317

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

FILE COPY

October 25, 2012

Edward D. McDevitt
Telephone — (304) 347-1711
Facsimile — (304) 343-3058

E-Mail Address:
emcdevitt@bowlesrice.com

Internal Revenue Service Center
Ogden, Utah 84201

**CERTIFIED MAIL/**
**RETURN RECEIPT REQUESTED**
**NO. 91 7108 2133 3938 6342 0553**

91 7108 2133 3938 6342 0553

Re: $21,545,000 The Board of Education of Hardy County
[West Virginia] Public School Bonds, Series 2012

Ladies and Gentlemen:

Please find enclosed Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, submitted in connection with the above-referenced bond transaction.

Also enclosed, please find a copy of said Form 8038-G 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-G and indicate the date on which said Form 8038-G 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/kfs
Enclosures

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
**Caution:** *If the issue price is under $100,000, use Form 8038-GC.*

COPY

OMB No. 1545-0720

**Part I Reporting Authority** — If **Amended Return**, check here ▶ ☐

1 Issuer's name
The Board of Education of the County of Hardy (WV)

2 Issuer's employer identification number (EIN)
55-6000327

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a

4 Number and street (or P.O. box if mail is not delivered to street address) — Room/suite
510 Ashby Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Moorefield, WV 26836

7 Date of issue
October 25, 2012

8 Name of issue
The BOE of the County of Hardy [WV] Public School Bonds, Series 2012

9 CUSIP number
412444 BX8

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Veeta Burgess, Treasurer

10b Telephone number of officer or other employee shown on 10a
304.530.2348

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

| | | | |
|---|---|---|---|
| 11 | Education | 11 | 21,828,490.60 |
| 12 | Health and hospital | 12 | |
| 13 | Transportation | 13 | |
| 14 | Public safety | 14 | |
| 15 | Environment (including sewage bonds) | 15 | |
| 16 | Housing | 16 | |
| 17 | Utilities | 17 | |
| 18 | Other. Describe ▶ | 18 | |
| 19 | If obligations are TANs or RANs, check only box 19a ▶ ☐<br>If obligations are BANs, check only box 19b ▶ ☐ | | |
| 20 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

| | (a) Final maturity date | (b) Issue price | (c) Stated redemption price at maturity | (d) Weighted average maturity | (e) Yield |
|---|---|---|---|---|---|
| 21 | June 1, 2030 | $ 21,828,490.60 | $ 21,545,000 | 10.0699 years | 2.2838% |

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

| | | | | | |
|---|---|---|---|---|---|
| 22 | Proceeds used for accrued interest | | | 22 | 0.0 |
| 23 | Issue price of entire issue (enter amount from line 21, column (b)) | | | 23 | 21,828,490.60 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 255,542.50 | | |
| 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 | | | |
| 28 | Proceeds used to advance refund prior issues | 28 | | | |
| 29 | Total (add lines 24 through 28) | | | 29 | 255,542.50 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 21,572,948.10 |

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

| | | |
|---|---|---|
| 31 | Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ | N/A years |
| 32 | Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ | N/A years |
| 33 | Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶ | N/A |
| 34 | Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY) | |

## Part VI Miscellaneous

| | | | |
|---|---|---|---|
| 35 | Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) | 35 | 0.0 |
| 36a | Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) | 36a | 0.0 |
| b | Enter the final maturity date of the GIC ▶ | | |
| c | Enter the name of the GIC provider ▶ | | |
| 37 | Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units | 37 | 0.0 |

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☒

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☒

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

**Signature and Consent**

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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Veeta Burgess — Signature of issuer's authorized representative — Date: 10/25/2012 — Veeta Burgess, Treasurer — Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| Camden P. Siegrist | Camden P. Siegrist | 10/25/2012 | | P01387359 |

Firm's name ▶ Bowles Rice LLP — Firm's EIN ▶ 55-0394186

Firm's address ▶ 600 Quarrier Street, Charleston, WV 25301 — Phone no. 304.347.1129

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"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2012 Bonds who are required to comply with the Rule in connection with offering of the Series 2012 Bonds.

"Repository" shall mean each National 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.

"Series 2012 Bonds" shall mean the $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012.

SECTION 3. Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than 270 days after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2012(FY 2012), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements 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 Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Board or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Board shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2012 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other events affecting the tax status of the Series 2012 Bonds;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the 2012 Series Bond, if material;

11. rating changes;
12. bankruptcy, insolvency, receivership, or similar event of the Board;
13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Disclosure 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 Board promptly notify the Disclosure Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds. If such termination occurs prior to the final maturity of the Series 2012 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Disclosure Agent. United Bank, Inc. is hereby appointed as Disclosure Agent. The Board may, from time to time, appoint or engage an alternate or successor Disclosure Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Disclosure Agent. The Disclosure Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Board and the Disclosure Agent may amend this Agreement, and any provision of this 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 the Board with respect to the Series 2012 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 Series 2012 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 Series 2012 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, 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. 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 any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements 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 Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Paying Agent or the Paying Agent in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expense (including reasonable attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:

The Board of Education of the County of Hardy
Attn: Treasurer
510 Ashby Street
Moorefield, West Virginia 26836

To the Dissemination Agent:

United Bank, Inc.
Attn: Corporate Trust Department
500 Virginia Street East
Charleston, WV 25301

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter, the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Dated: October 25, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY [West Virginia]

By: Margaret A Shreve

Title President

UNITED BANK, INC.

By: X

Title: Vice President

**EXHIBIT A**

NOTICE TO REPOSITORIES

OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Hardy (West Virginia)

Name of Bond Issue: $21,545,000 Public School Bonds, Series 2012

Date of Bond Issue: October 25, 2012

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 _____, 20__, to be provided. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____,

_____
on behalf of the Issuer

cc: [Issuer]

AFFIDAVIT OF PUBLICATON Cost of Publication $5,536.78

State of West Virginia
County of Hardy, to wit:

I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial, and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

2012 Official Ballots for Hardy County, WV

was duly published in said newspaper once a week for 3 successive

weeks, commencing with the issue of 18 day of April, 2012,

and ending with the issue of the 2 day of May, 2012,

and was posted at the N/A on the _____ day of _____, 20____.

/S/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 2 day of

May, 2012.

My commission expires July 7, 2019.

/S/ Tara L Booth
Notary Public of Hardy County, WV

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TARA L. BOOTH
671 BEECH LANE
BAKER, WV 26801
My commission expires July 7, 2019

## OFFICIAL BALLOT OF THE REPUBLICAN PARTY

| D | HARDY COUNTY, WV | E | PRIMARY ELECTION | F | MAY 8, 2012 |
|---|---|---|---|---|---|

### OFFICIAL BALLOT
### SCHOOL BOND ELECTION
### HARDY COUNTY BOARD OF EDUCATION
### May 8, 2012

Shall the Board of Education of the County of Hardy incur debt and issue bonds in the amount of $21,545,000, maturities on such bonds to run not more than eighteen and one half (18 1/2) years from the date of such bonds, with interest not exceeding the rate of six and 50/100 percent (6.50%) per annum, payable semiannually, for the purpose of acquisition of land, constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Hardy County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

PROJECT: East Hardy High School
Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12.

LOCATION: Existing East Hardy High School
259 Cougar Drive, Baker, West Virginia

ESTMATED COST: $19,459,304

PROJECT: Moorefield High School
Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12.

LOCATION: Existing Moorefield High School
US Rte 220, Moorefield, West Virginia

ESTMATED COST: $23,630,696

TOTAL ESTIMATED PROJECT COST:
$43,090,000

Approximate Total Cost to be paid from SBA Grants and/or other sources:
$21,545,000

Approximate Total Cost to be paid from bond proceeds:
$21,545,000

Approximate Total Cost of Projects:
$43,090,000

The ab[illegible]ts are m[illegible] of the ag[illegible]e pri[illegible] amour[illegible]ond iss[illegible]n the sum of [illegible]ENTY-O[illegible]E MILLION FIVE HUNDRE[illegible]ORTY-FIVE THO[illegible] DOLLA[illegible]

The fore[illegible]unts i[illegible]sts o[illegible]cqui[illegible]ece[illegible]y la[illegible]tes and rights-of-way, if any, engineering and architectural costs, [illegible]ding [illegible]ut not li[illegible] to [illegible]ost [illegible]usi[illegible]ounty maintenance personnel, the costs and estimated costs of the issuance [illegible]he Bon[illegible]inte[illegible] during [illegible]nstruction of the Projects, and such other costs, fees, and expenses as may be necessary [illegible]perly incurred in carrying out the foregoing projects. All Handicapped and E.S.S.I.A. Title 1 [illegible]ditures are subject to written approval by the West Virginia Department of Education. If for any reason [illegible] one or [illegible] e enumerated projects cannot be constructed, carried out, or completed, the amount above set out fo[illegible]y su[illegible]ojec[illegible]nd [illegible] sums remaining unused upon completion of any of the foregoing projects may be al[illegible]d by the Ha[illegible] County B[illegible] of Educ[illegible]n in its discretion, to and expended for any one or more of [illegible] remaining [illegible]ects set out a[illegible]e, as provi[illegible] by Section [illegible]) Article [illegible] Chapter 13, of the Code of West Vi[illegible]31, as ame[illegible] The amo[illegible] of the Bond [illegible]e reflects t[illegible]xpectation [illegible] the Sch[illegible] District having received one [illegible]ore g[illegible]s from the [illegible] Virginia S[illegible]ol Building A[illegible]rity and/or [illegible] sources [illegible]n amoun[illegible] Twenty-One Million Five H[illegible]ed F[illegible] Five Tho[illegible]and [illegible]llars ($2[illegible]45,000) for u[illegible]n the [illegible]ova[illegible] and i[illegible]ovements [illegible]orefield High School and fo[illegible] and eq[illegible]e East [illegible]rdy Hig[illegible] Sch[illegible] the [illegible]pt of [illegible]m is a condition precedent to the resource of the [illegible]nds. [illegible] eve[illegible] the Har[illegible] County [illegible] obtain additional money by grant or otherwise from the state or fed[illegible] gover[illegible]nt, [illegible]om an[illegible] either, or from any other source, for use in the acquisition, construction, renovation, imp[illegible] and/or equipping of the above enumerated projects, such additional money may be used either in substitution [illegible] 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.

SAMPLE BALLOT

INSTRUCTION TO VOTERS: To vote in favor of the proposition (For the Bond Issue) submitted on this ballot, darken the oval completely next to "Yes (For the Bond Issue)". To vote against the proposition (Against the Bond Issue), darken the oval completely next to "No (Against the Bond Issue)".

- Yes (For the Bond Issue)
- No (Against the Bond Issue)

AFFIDAVIT OF PUBLICATON Cost of Publication $223.05

State of West Virginia
County of Hardy, to wit:

I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial, and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

Notice: Public School Bond for Hardy County

was duly published in said newspaper once a week for 2 successive

weeks, commencing with the issue of 29 day of August, 2012,

and ending with the issue of the 5 day of September, 2012,

and was posted at the N/A on the _____ day of _____, 20_____.

/S/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 5 day of

September, 2012.

My commission expires July 7, 2019.

/S/ Tara L Booth
Notary Public of Hardy County, WV

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TARA L. BOOTH
671 BEECH LANE
BAKER, WV 26801
My commission expires July 7, 2019

LEGAL ADVERTISEMENTS LEGAL ADVERTISEMENTS

**AUGUST 23, 2012**
**IN THE MATTER OF THE BOARD OF EDUCATION OF HARDY COUNTY**
**STATE OF WEST VIRGINIA**
**$21,545,000**
**PUBLIC SCHOOL BOND, SERIES 2012**
**ATTORNEY GENERAL'S APPROVAL**

At a regular meeting of the Board of Education of the County of Hardy, State of West Virginia, held on the 30th day of January 2012, an order was adopted and entered of record authorizing a vote to be taken of legal voters of the County of Hardy at a primary election to be held on the 8th day of May 2012, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used for the following purposes:

**PROJECT**
**East Hardy High School**
Construction of a new high school addition containing approximately 55,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 34,000 square feet, site work, and furnishing and equipping of same, to house approximately 230 students in grades 9-12.

**LOCATION**
Existing East Hardy High School
259 Cougar Drive
Baker, West Virginia

**ESTIMATED COST**
**$19,459,304**

**PROJECT**
**Moorefield High School**
Demolition of the older portion of the existing high school, construction of a new high school addition containing approximately 80,000 square feet including academic, academic resource, administrative, physical education, drama, and support spaces, along with renovations of approximately 21,000 square feet, site work, and furnishing and equipping of same, to house approximately 425 students in grades 9-12.

**LOCATION**
Existing Moorefield High School
US Rte 220
Moorefield, West Virginia

**ESTIMATED COST**
**$23,630,696**

**TOTAL ESTIMATED PROJECT COST**
$43,090,000

**Approximate Total Cost to be Paid from SBA Grants and/or other sources:**
$21,545,000

**Approximate Total Cost to be paid from bond proceeds:**
$21,545,000

**Approximate Total Cost of Projects:**
$43,090,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of TWENTY-ONE MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($21,545,000).

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

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing bonds, as provided in said order, 1,998 votes were cast for and 1,573 votes were cast against the issuance of said bonds, so that a majority of the votes were cast for the proposition.

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

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL
Charleston, West Virginia

8/29, 9/5 2c

LEGAL ADVERTISEMENTS LEGAL ADVERTISEMENTS

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**IN THE MATTER OF THE BOARD OF EDUCATION OF HARDY COUNTY**
**STATE OF WEST VIRGINIA**
**$21,545,000**
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DARRELL V. McGRAW, JR.
ATTORNEY GENERAL
Charleston, West Virginia

8/29, 9/5 2c

SUPREME COURT OF APPEALS

OFFICE OF THE CLERK

CLERK OF COURT
RORY L. PERRY II

DEPUTY CLERK
EDYTHE NASH GAISER

STAFF ATTORNEY
ADRIANA MARSHALL

STATE CAPITOL, ROOM E-317
1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305
PHONE: (304) 558-2601
FAX: (304) 558-3815
WEB: WWW.COURTSWV.GOV

September 24, 2012

Dawn E. Warfield, Esq.
Deputy Attorney General
Attorney General's Office
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

***Re:*** ***$21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012***

Dear Ms. Warfield:

As of this date, no person or taxpayer, within ten days from and after the date of last publication of notice of the above-referenced bond issue on September 5, 2012, has presented a petition to the Supreme Court of Appeals, or to a judge thereof in vacation, praying that the action of the Attorney General, which approved the subject issue pursuant to West Virginia Code §13-1-25, be reversed or modified as provided in West Virginia Code §13-1-26.

If there are any other questions regarding this matter, please give me a call.

Sincerely,

Rory L. Perry II
Clerk

STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

September 20, 2012

The Honorable Rory L. Perry, Clerk
West Virginia Supreme Court of Appeals
State Capitol, Room E-317
Charleston, West Virginia 25305

Re: $21,545,000 The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012

Dear Mr. Perry:

On August 23, 2012, as Attorney General of the State of West Virginia, I approved the above-referenced bond issue as provided for by West Virginia Code § 13-1-25. As evidenced by the enclosed copy of the Affidavit of Publication, notice of my approval was published in the *Moorefield Examiner*, as required by law, with the last publication date being September 5, 2012.

Please advise me whether any person or taxpayer within ten days from and after the date of the last publication of the above-referenced notice presented any petition to the Supreme Court of Appeals or to a Judge thereof in vacation, praying that the action of the Attorney General be reversed or modified as provided in West Virginia Code § 13-1-26.

Very truly yours,

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By: Dawn E. Warfield

DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/sc
Enclosure

AFFIDAVIT OF PUBLICATON Cost of Publication $143.90

State of West Virginia
County of Hardy, to wit:

I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial, and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

Summary of Notice of Bond Sale for the Board of Education Hardy County, WV Series 2012

was duly published in said newspaper once a week for 2 successive

weeks, commencing with the issue of 26 day of September, 2012,

and ending with the issue of the 3 day of October, 2012,

and was posted at the N/A on the _____ day of _____, 20_____.

/S/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 3 day of

October, 2012.

My commission expires July 7, 2019.

/S/ Tara L Booth
Notary Public of Hardy County, WV

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TARA L. BOOTH
671 BEECH LANE
BAKER, WV 26801
My commission expires July 7, 2019

**$21,545,000**

**The Board of Education of the County of Hardy (West Virginia) Public School Bonds, Series 2012**

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:30 A.M., local time, on October 11, 2012. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:30 A.M. local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at (304) 343-7102 or PARITY® at (212) 849-5021.The Board reserves the right to change the date of sale and would give notice through TM3, or other such service, of any changes.

The Bonds will be dated the date of their delivery and will mature on June 1 in the years and in the amounts as follows:

| | | | |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

The Bonds are subject to redemption prior to maturity. The Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. The approving opinion of Bowles Rice LLP, Charleston, West Virginia will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of $5,000 and multiples of $5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

Bidders must refer to the complete Official Notice of Sale for the terms and conditions of the sale. A complete copy of the Official Notice of Sale and the Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Piper Jaffray & Co., 405 Capitol Street, Suite 613, Charleston, West Virginia 25301 (telephone 304/343-7102).

By Order of The Board of Education of The County of Hardy (West Virginia).

September 26,2012

9/26, 10/3 2c

# Copy Of Advertisement Of

## City and County of New York, ss.: -

Yohanna Beato being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on October 3rd, 2012.

*Billing Coordinator*

*Subscribed and sworn to before me this*

October 3rd, 2012

CYNTHIA D. LEWIS
Notary Public, State of New York
No. 01LE6202296
Qualified in New York County
Commission Expires March 9, 2013

SUMMARY NOTICE OF BOND SALE

## $21,545,000
## The Board of Education of the County of Hardy (West Virginia)
### Public School Bonds, Series 2012

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:30 A.M., local time, on October 11, 2012. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:30 A.M, local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at (304) 343-7102 or PARITY® at (212) 849-5021.The Board reserves the right to change the date of sale and would give notice through TM3, or other such service, of any changes.

The Bonds will be dated the date of their delivery and will mature on June 1 in the years and in the amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

The Bonds are subject to redemption prior to maturity. The Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. The approving opinion of Bowles Rice LLP, Charleston, West Virginia will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of $5,000 and multiples of $5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

**Bidders must refer to the complete Official Notice of Sale for the terms and conditions of the sale.** A complete copy of the Official Notice of Sale and the Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Piper Jaffray & Co., 405 Capitol Street, Suite 613, Charleston, West Virginia 25301 (telephone 304/343-7102).

By Order of The Board of Education of The County of Hardy (West Virginia)
September 26, 2012

give NOTICE
Buyers want to know.

Advertise your Competitive Sale in *The Bond Buyer.*
For more information, contact Kerry-Ann C. Parkes
at 1.212.803.8436 or at nos@sourcemedia.com.

NOTICE OF SALE

## $5,778,000* GENERAL OBLIGATION BONDS, CONSISTING OF $4,603,000* GENERAL IMPROVEMENT BONDS, $333,000* WATER UTILITY BONDS, $142,000* SEWER UTILITY BONDS, SERIES 2012A AND $700,000* SEWER UTILITY REFUNDING BONDS, SERIES 2012B TOWNSHIP OF MOUNT OLIVE, IN THE COUNTY OF MORRIS, NEW JERSEY
**(Book-Entry Only Bonds)/(Bank Qualified)**

**SUMMARY**

| | |
|---|---|
| Dated: | Date of Delivery – On or about November 1, 2012 |
| Bid Date and Time: | October 17, 2012 at 11:00 a.m. to 11:15 a.m. |
| Type of Sale: | Electronic Open Auction |
| Interest: | Multiple Interest Rates - multiples of 1/8 or 1/20 of 1% |
| Legal Opinion: | McManimon, Scotland & Baumann, LLC, Roseland, NJ |
| Maturity Schedule: | November 1 as set forth in the following table: |

| Year | General Improvement Bonds* | Water Utility Bonds* | Sewer Utility Bonds, Series 2012A* | Sewer Utility Bonds, Series 2012B* | Combined Amounts* |
|---|---|---|---|---|---|
| 2013 | $325,000 | $40,000 | $20,000 | $140,000 | $525,000 |
| 2014 | $500,000 | $70,000 | $30,000 | $140,000 | $740,000 |
| 2015 | $550,000 | $75,000 | $30,000 | $140,000 | $795,000 |
| 2016 | $630,000 | $75,000 | $30,000 | $140,000 | $875,000 |
| 2017 | $650,000 | $73,000 | $32,000 | $140,000 | $895,000 |
| 2018 | $650,000 | ---- | ---- | ---- | $650,000 |
| 2019 | $650,000 | ---- | ---- | ---- | $650,000 |
| 2020 | $648,000 | ---- | ---- | ---- | $648,000 |

Preliminary Official Statement, Notice of Sale and other details available at www.GrantStreet.com

*Preliminary, subject to change.

SUMMARY NOTICE OF SALE

## CITY OF WILDWOOD, COUNTY OF CAPE MAY, NEW JERSEY
## $7,496,000 GENERAL OBLIGATION BONDS
**(Book-Entry-Only) (Callable)**

SEALED OR ELECTRONIC (via PARITY) PROPOSALS will be received by the CITY OF WILDWOOD, New Jersey, on **October 11, 2012,** until 11:30 a.m., for the General Obligation Bonds, as set forth below:

GENERAL OBLIGATION BONDS

| Year | General Improvement Bonds | Sewer Utility Bonds | Water Utility Bonds | Combined Bonds |
|---|---|---|---|---|
| 2013 | $194,000 | $67,000 | $140,000 | $401,000 |
| 2014 | $190,000 | $65,000 | $140,000 | $395,000 |
| 2015 | $320,000 | $65,000 | $140,000 | $525,000 |
| 2016 | $315,000 | $65,000 | $140,000 | $520,000 |
| 2017 | $305,000 | $65,000 | $165,000 | $535,000 |
| 2018 | $300,000 | $70,000 | $175,000 | $545,000 |
| 2019 | $315,000 | $70,000 | $180,000 | $565,000 |
| 2020 | $325,000 | $75,000 | $195,000 | $595,000 |
| 2021 | $370,000 | $75,000 | $205,000 | $650,000 |
| 2022 | $365,000 | $75,000 | $230,000 | $670,000 |
| 2023 | $375,000 | $80,000 | $240,000 | $695,000 |
| 2024 | | $85,000 | $250,000 | $335,000 |
| 2025 | | $85,000 | $260,000 | $345,000 |
| 2026 | | $85,000 | $270,000 | $355,000 |
| 2027 | | $85,000 | $280,000 | $365,000 |

The Bonds will be dated their date of delivery, will mature on October 1, will be issued in book entry form through the Depository Trust Company and will bear interest payable on each April 1 and October 1, commencing April 1, 2013, at the respective rate or rates specified by the successful bidders.

The complete Notice of Sale containing additional terms and conditions and the Preliminary Official Statement may be obtained at www.i-dealprospectus.com.

# Copy Of Advertisement Of

## City and County of New York, ss.: -

Yohanna Beato being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on September 26th, 2012.

*Billing Coordinator*

*Subscribed and sworn to before me this*

September 26th, 2012

CYNTHIA D. LEWIS
Notary Public, State of New York
No. 01LE6202296
Qualified in New York County
Commission Expires March 9, 2013

*continued from previous page*

Purchaser requires CUSIP numbers on the Bonds, the Purchaser shall request assignment of CUSIP numbers for the Bonds and provide the numbers to Stauder, Barch & Associates, Inc. and Thrun Law Firm, P.C., within forty-eight (48) hours of the bond sale.

**FURTHER INFORMATION** may be obtained from Stauder, Barch & Associates, Inc., 3989 Research Park Drive, Ann Arbor, Michigan 48108. Telephone: (734) 668-6688.

**THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.**

**ENVELOPES** containing the bids should be plainly marked "Proposal for Marion Public Schools 2012 School Bus Bonds."

Christie Prielipp
Secretary, Board of Education

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NOTICE OF SALE

## TOWNSHIP OF CHERRY HILL, IN THE COUNTY OF CAMDEN, NEW JERSEY

**$43,145,000* GENERAL OBLIGATION BONDS**
**CONSISTING OF**
**$31,635,000* GENERAL IMPROVEMENT BONDS,**
**AND**
**$11,510,000* SEWER UTILITY BONDS**
**(Book-Entry-Only)(Callable)**

ELECTRONIC PROPOSALS will be received and announced by the Controller of The Township of Cherry Hill, a municipal corporation of the State of New Jersey located in the County of Camden, New Jersey (the "Township"), at 820 Mercer Street, Cherry Hill, New Jersey 08002, through the PARITY Electronic Bid System ("PARITY") of IPREO LLC, as described herein, on October 3, 2012 (unless postponed and rescheduled as provided herein) until 11:00 a.m., prevailing local time, in accordance with N.J.S.A. 40A:2-27, for the purchase of $43,145,000* General Obligation Bonds consisting of $31,635,000* General Improvement Bonds, and $11,510,000* Sewer Utility Bonds (collectively, the "Bonds").

The Bonds mature on May 1 in the years and in the amounts set forth below:

$31,635,000* General Improvement Bonds

| Year | Principal Amount* | Year | Principal Amount* |
|---|---|---|---|
| 2013 | 2,160,000 | 2021 | 2,090,000 |
| 2014 | 1,830,000 | 2022 | 2,150,000 |
| 2015 | 1,855,000 | 2023 | 2,210,000 |
| 2016 | 1,885,000 | 2024 | 2,280,000 |
| 2017 | 1,920,000 | 2025 | 2,345,000 |
| 2018 | 1,955,000 | 2026 | 2,420,000 |
| 2019 | 1,995,000 | 2027 | 2,500,000 |
| 2020 | 2,040,000 | | |

$11,510,000* Sewer Utility Bonds

| Year | Principal Amount* | Year | Principal Amount* |
|---|---|---|---|
| 2013 | 600,000 | 2023 | 555,000 |
| 2014 | 460,000 | 2024 | 575,000 |
| 2015 | 470,000 | 2025 | 590,000 |
| 2016 | 475,000 | 2026 | 610,000 |
| 2017 | 485,000 | 2027 | 630,000 |
| 2018 | 495,000 | 2028 | 650,000 |
| 2019 | 505,000 | 2029 | 670,000 |
| 2020 | 515,000 | 2030 | 695,000 |
| 2021 | 525,000 | 2031 | 720,000 |
| 2022 | 540,000 | 2032 | 745,000 |

* Subject to adjustment as provided herein.

**All bids must be submitted electronically via Parity in accordance with the Notice of Sale. No telephone, fax, mail or personal delivery bids will be accepted.** All bidders for the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC"), or affiliated with its participants. Individual purchases may be made in the principal amount of $5,000 or any integral multiple of $1,000 in excess thereof through book entries made on the books and records of DTC and its participants. The Bonds will be delivered on or about October 16, 2012 at the offices of the Township's bond counsel, Cozen O'Connor, in Cherry Hill, New Jersey.

The Bonds will be dated the date of delivery and will bear interest at the rate or rates of interest per annum, in multiples of 1/8 or 1/20 of 1%, specified by the successful bidder, payable on May 1, 2013 and semiannually thereafter on the first day of November and May in each year until maturity. The Bonds are subject to redemption prior to maturity as more fully described in the Notice of Sale. The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost, in accordance with the terms of the sale. A bidder may aggregate consecutive principal maturities of the Bonds, for which such bidder bids the same interest rate, into term bonds, as provided in the Notice of Sale.

**Each bidder is required to submit either (i) a certified, treasurer's or cashier's check or (ii) a financial surety bond meeting the requirements set forth in the complete Notice of Sale or (iii) complete a wire transfer, in either case in the amount of $862,900 (the check or financial surety bond or wire transfer being hereinafter referred to as the "Deposit"), to secure the Township from any loss resulting from a failure of the bidder to comply with the terms of its bid. The Deposit must be submitted to the Township prior to the time for submission of bids, and if in the form of a certified, treasurer's or cashier's check, at the following address: Michelle Samalonis, Controller, Township of Cherry Hill, 820 Mercer Street, Cherry Hill, New Jersey 08002. If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions and if the bid is not accepted, the Township shall promptly return the Deposit amount to the unsuccessful bidder: Beneficial Bank, Account Number: 9500086666, ABA Number: 236075689, Township of Cherry Hill General Capital Fund Account.**

A complete Notice of Sale containing the full terms of sale and the Preliminary Official Statement have each been prepared and is available at www.i-dealprospectus.com and may also be obtained from the Township's financial advisor, Acacia Financial Group, Inc., Four Greentree Centre, Suite 206, 13000 Lincoln Drive West, Marlton, NJ 08053, telephone (856) 234-2266, Attention: Joshua C. Nyikita.

Dated: September 26, 2012

BY: /s/ Michelle Samalonis
Controller
Township of Cherry Hill
County of Camden, New Jersey

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SUMMARY NOTICE OF BOND SALE

## $21,545,000
## The Board of Education of the County of Hardy (West Virginia)

**Public School Bonds, Series 2012**

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:30 A.M., local time, on October 11, 2012. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:30 A.M, local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at (304) 343-7102 or PARITY® at (212) 849-5021.The Board reserves the right to change the date of sale and would give notice through TM3, or other such service, of any changes.

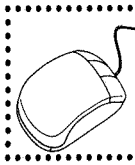
The Bonds will be dated the date of their delivery and will mature on June 1 in the years and in the amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

The Bonds are subject to redemption prior to maturity. The Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. The approving opinion of Bowles Rice LLP, Charleston, West Virginia will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of $5,000 and multiples of $5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

**Bidders must refer to the complete Official Notice of Sale for the terms and conditions of the sale.** A complete copy of the Official Notice of Sale and the Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Piper Jaffray & Co., 405 Capitol Street, Suite 613, Charleston, West Virginia 25301 (telephone 304/343-7102).

By Order of The Board of Education of The County of Hardy (West Virginia)
September 26, 2012


Access municipal bond statistics from The Bond Buyer with the Market Statistics Archive on The Bond Buyer Online
THE BOND BUYER CALL TO SUBSCRIBE 888.807.8667

**APPENDIX H**

# OFFICIAL NOTICE OF SALE

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

The Board of Education of the County of Hardy, West Virginia, (the "Board") is using PARITY® as a communication mechanism to conduct the electronic bidding for sale of its $21,545,000 Public School Bonds, Series 2012 (the "Series 2012 Bonds"), as described herein.

**Bid Submission**

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until **11:30 AM, Local Time**, on October 11, 2012. Bids for the Series 2012 Bonds may be submitted electronically via PARITY® pursuant to this Notice until **11:30 AM, Local Time**, but no bid will be accepted after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at 304.343.7102 or PARITY® at 1359 Broadway, 2nd Floor, New York, NY 10018, telephone 212.849.5021. The bids will be publicly announced, and the Board will act upon the bids by 2:00 p.m., Local Time.

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY®. No in person or fax bids will be accepted. Subscription to PARITY® is required in order to submit an electronic bid and the Board will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. No other form of electronic bid or provider of electronic bidding services will be accepted.

For the purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all electronic bids submitted.

Each bid must be unconditional.

The Board expects to take the bids on the Series 2012 Bonds on October 11, 2012. However, the Board reserves the right to postpone the date and time established for the receipt of the bids or to change the bidding parameters set forth in this Official Notice of Sale. Any such postponement or change will be announced by TM3, or any other such service. If the receipt of bids is postponed, any alternative date for receipt of bids will be announced. Any bidder must submit an electronic bid for the purchase of the Series 2012 Bonds on such alternative sale date in conformity with the provisions of the Official Notice of Sale, except for any changes announced via TM3 or any other such service, as described therein.

**Preliminary Official Statement**

Copies of the Preliminary Official Statement concerning the Series 2012 Bonds and the Official Form of Proposal relating to the Series 2012 Bonds may be secured from Barbara Whitecotton, Superintendent, Hardy County Board of Education, 510 Ashby Street, Moorefield, West Virginia, 26836 telephone 304-530-2348 or from Piper Jaffray & Co., 405 Capital Street, Suite 613, Charleston, West Virginia, 25301, telephone 304.343.7102.

**The Series 2012 Bonds**

The Series 2012 Bonds will be dated the date of their delivery (the "Dated Date") and will mature on June 1 in the years and in the amounts as follows:

| Maturing (June 1) | Principal Amount ($) | Maturing (June 1) | Principal Amount ($) |
|---|---|---|---|
| 2013 | 1,055,000 | 2022 | 1,180,000 |
| 2014 | 830,000 | 2023 | 1,230,000 |
| 2015 | 865,000 | 2024 | 1,285,000 |
| 2016 | 905,000 | 2025 | 1,345,000 |
| 2017 | 945,000 | 2026 | 1,405,000 |
| 2018 | 990,000 | 2027 | 1,465,000 |
| 2019 | 1,030,000 | 2028 | 1,535,000 |
| 2020 | 1,080,000 | 2029 | 1,600,000 |
| 2021 | 1,125,000 | 2030 | 1,675,000 |

The Series 2012 Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. All the taxable property in Hardy County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Series 2012 Bonds when due.

The Series 2012 Bonds will be dated the Date of Delivery, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2012 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 Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds.

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2012 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated United Bank, Charleston, West Virginia, as the Registrar.

Interest on the Series 2012 Bonds will be payable on June 1, 2013 and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Series 2012 Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Series 2012 Bonds.

**Optional Redemption**

The Series 2012 Bonds maturing on or after June 1, 2023, are subject to redemption on or after June 1, 2022, at the option of the Board, in whole at any time or in part on any interest payment date,

from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2012 Bonds and the amounts thereof to be redeemed, provided that the Series 2012 Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Series 2012 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2012 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2012 Bonds having been deposited, the Series 2012 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2012 Bonds shall cease to bear interest.

**Insurance at Bidder's Option**

If the Series 2012 Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Series 2012 Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Series 2012 Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Series 2012 Bonds.

**Terms of Sale**

Bidders may only bid to purchase all of the Series 2012 Bonds. Each proposal must state the amount bid for the Series 2012 Bonds, not less than $21,545,000 or greater than 105% of the par value of the Series 2012 Bonds, and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Series 2012 Bonds are to bear, but must <u>not</u> state:

(a) any interest rate which is in excess of 6.50% per annum,

(b) more than one interest rate for any Series 2012 Bonds having like maturity, and

(c) any interest rate for Series 2012 Bonds which exceeds the interest rate stated in such proposal for any other Series 2012 Bonds by more than three percent (3%).

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

**Award**

The Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Series 2012 Bonds at the lowest true interest cost ("TIC"). For the purpose of determining the successful bidder, the true interest cost (TIC) will be the annual interest rate based on a 360-day year or twelve-30 day months, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Series 2012 Bonds to the date of delivery of the Bonds, results in an amount equal to the bid price for the Series 2012 Bonds. If there is more than one such proposal making such offer at the same lowest cost, the Series 2012 Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest TIC.

The Board reserves the right to reject any or all bids and to reject any bid not complying with this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid.

**Good Faith Deposit**

A good faith deposit in the amount of $430,900 (the "Good Faith Deposit") is required in connection with the sale of the Series 2012 Bonds. The Good Faith Deposit may be provided for by (i) a certified, bank cashier's, treasurer's or official check drawn upon or certified by a responsible banking institution and made payable to the order of the "The Board of Education of Hardy County, West Virginia", delivered at or prior to the time of bid, or (ii) a federal funds wire transfer to be submitted to the Board by the successful bidder not later than 3:00 P.M., Local Time, on the Date of Sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers". The Good Faith Deposit of the successful bidder will be collected and the proceeds thereof retained by the Board to be applied in partial payment of the Series 2012 Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages. Checks of unsuccessful bidders will be returned promptly after the Series 2012 Bonds are awarded to the successful bidder.

If the successful bidder chooses to deliver its Good Faith Deposit by federal funds wire transfer, the Board will distribute wiring instructions for the Good Faith Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Good Faith Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2012 Bonds to the successful bidder may be cancelled by the Board in its discretion without any financial liability of the Board to the successful bidder or any limitation whatsoever on the Board's right to sell the Series 2012 Bonds to a different purchaser upon such terms and conditions as the Board shall deem appropriate.

**Certificate of Winning Bidder**

The successful bidder will be required to provide to the Financial Advisor by facsimile transmission to (304) 551-0228 within one-half (½) hour after the verbal award of the Series 2012 Bonds the initial offering price/yields of the Series 2012 Bonds to the public (excluding bond houses and brokers). The successful bidder also must submit to the Board an underwriter's certificate in the form attached hereto as Exhibit A (the "Underwriter's Certificate"), the form of which has been approved by Bond Counsel, prior to the delivery of the Series 2012 Bonds. By submitting its bid, each bidder agrees that, if it is awarded the Series 2012 Bonds, it will either retain the Series 2012 Bonds as a long term investment for its own account or make a bona fide public offering of the Series 2012 Bonds of each maturity to the public after the award at an initial offering price as stipulated herein. It shall be a condition of the Board's obligation to deliver the Series 2012 Bonds that the successful bidder provide documentation as to its compliance with such requirements for purposes of the Internal Revenue Code of 1986, as amended, in form and substance satisfactory to Bond Counsel, including but not limited to the Underwriter's Certificate.

**Delivery of the Series 2012 Bonds**

The Series 2012 Bonds will be delivered upon payment of the balance of the purchase price in Federal Funds payable to the order of "The Board of Education of the County of Hardy, West Virginia". It is expected that the Series 2012 Bonds will be available for delivery to The Depository Trust Company in New York, New York, on or about October 25, 2012, on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

**Opinions of Bond Counsel**

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2012 Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2012 Bonds is not includable in gross income of the owners thereof for federal income tax purposes and that the Series 2012 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. Said opinion shall also contain further statements to the effect that the enforceability of rights or remedies with respect to the Series 2012 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Series 2012 Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Series 2012 Bonds, including (i) a certificate dated the date of delivery of the Series 2012 Bonds, stating that there is no litigation pending or threatened affecting the validity of the Series 2012 Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Series 2012 Bonds, (ii) a certificate dated the date of delivery of the Series 2012 Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Series 2012 Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2012 Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Series 2012 Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Series 2012 Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Series 2012 Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Series 2012 Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Series 2012 Bonds and investment earnings thereon on certain specified purposes. The Series 2012 Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Series 2012 Bonds are binding obligations of the Board and are incontestable.

**Final Official Statement**

Within seven (7) business days after the award of the Series 2012 Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Series 2012 Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Series 2012 Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Series 2012 Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Series 2012 Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. The Board reserves no responsibility or obligation for the distribution of the Official Statement to anyone other than the successful bidder. Within seven (7) business days after the award of the Series 2012 Bonds, the successful bidder will also be furnished, without cost, up to 50 copies of the Official Statement (and any amendment or supplement thereto).

**CUSIP**

It is anticipated that CUSIP identification numbers will be printed on the Series 2012 Bonds, but neither the failure to print such numbers on any Series 2012 Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2012 Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Series 2012 Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: Barbara Whitecotton, Superintendent

DATE: September 26, 2012

**EXHIBIT A**

**$21,545,000**
**The Board of Education of the**
**County of Hardy (West Virginia)**
**Public School Bonds, Series 2012**

**FORM OF CERTIFICATE OF UNDERWRITER**

_____ (the "Underwriter"), as underwriter of the Series 2012 Bonds identified above, issued by The Board of Education of Hardy County, West Virginia (the "Issuer"), based on its knowledge regarding the sale of the Series 2012 Bonds, certifies as of this date as follows:

1. All of the Series 2012 Bonds were offered to the general public in a bona fide public offering at the initial offering prices set forth on Exhibit A attached hereto (the "Initial Offering Price" as applicable to the respective maturities). The fair market value of the Series 2012 Bonds is not in excess of the Initial Offering Price. The Issue Price of the Series 2012 Bonds, based upon the reasonable expectations of the Underwriter as of the date of the initial offering is $ 21,545,000. Except for the ____, ____, ____, ____ and ____ maturities, a substantial amount of each maturity of the Series 2012 Bonds (in excess of 10% of each maturity) was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters of wholesalers) at the Initial Offering Price applicable to such maturity.

2. At the Issuer's direction, based upon our participation in the transaction and our knowledge and experience with bond insurance (in which the credit enhancer has no involvement other than as a credit enhancer), and, as to (b) below, based on estimates by the Underwriter of the likely Yields at which such obligations may have sold in the absence of the bond insurance:

(a) The premium paid for the Bond Insurance on the Series 2012 Bonds does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by credit enhancers in similar transactions with which the Underwriter is familiar.

(b) The present value of the premium paid for the Bond Insurance is less than the present value of the interest reasonably expected to be saved on the Series 2012 Bonds as a result of the Bond Insurance, for which purpose present value is computed by using the yield-to-maturity (or prior optional redemption date, if applicable) of the Series 2012 Bonds (taking into account both the premium paid for the Bond Insurance) as the discount rate.

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

The signer is an officer of the Underwriter and 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 and Non-Arbitrage Certificate and in completing and filing the Information Return for the Series 2012 Bonds, and by Bowles Rice LLP, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Series 2012 Bonds.

Dated _____, 2012 [_____UNDERWRITER_____]

By: _____
Its:

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## OFFICIAL FORM OF PROPOSAL

Barbara Whitecotton, Superintendent
Hardy County Board of Education
510 Ashby Street
Moorefield, West Virginia, 26836

Superintendent:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated September 26, 2012, which are hereby made part of this bid, we offer to purchase all of the $21,545,000, the Board of Education of the County of Hardy (West Virginia), Public School Bonds, Series 2012 (the "Series 2012 Bonds"), described in said Official Notice of Sale, for the price of $21,545,000 plus a premium of $_____ (not to exceed 105% of the par value of the Series 2012 Bonds). The Series 2012 Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table:

| Maturing (June 1) | Principal Amount ($) | Interest Rate (%) | Maturing (June 1) | Principal Amount ($) | Interest Rate (%) |
|---|---|---|---|---|---|
| 2013 | 1,055,000 | _____ | 2022 | 1,180,000 | _____ |
| 2014 | 830,000 | _____ | 2023 | 1,230,000 | _____ |
| 2015 | 865,000 | _____ | 2024 | 1,285,000 | _____ |
| 2016 | 905,000 | _____ | 2025 | 1,345,000 | _____ |
| 2017 | 945,000 | _____ | 2026 | 1,405,000 | _____ |
| 2018 | 990,000 | _____ | 2027 | 1,465,000 | _____ |
| 2019 | 1,030,000 | _____ | 2028 | 1,535,000 | _____ |
| 2020 | 1,080,000 | _____ | 2029 | 1,600,000 | _____ |
| 2021 | 1,125,000 | _____ | 2030 | 1,675,000 | _____ |

Please check one of the following:

- ☐ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Hardy for $430,900 which check is to be applied in accordance with said Official Notice of Sale.

- ☐ Will wire funds in the amount of $430,900 by 3:00 pm, local time, day of bid, if successful.

Name of Bidder: _____

By: _____

Telephone: _____

(No addition or alteration, except as provided above, is to be made to this bid. Please attach a list of syndicate members, as applicable.)

The foregoing proposal is hereby accepted this _____ day of _____, 2012

By: _____, The Board of Education of the County of Hardy

The following is included for informational purposes only and is not a part of the bid:

True Interest Cost (Computed in accordance with the Official Notice of Sale) _____%

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By:_____

## Bid Results

# Hardy Co BOE
# $21,545,000 Public School Bonds, Series 2012

The following bids were submitted using ***PARITY***® and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

| Bid Award* | Bidder Name | TIC |
|---|---|---|
| ☐ | Crews & Associates, Inc. | 2.381083 |
| ☐ | Robert W. Baird & Co., Inc. | 2.493207 |
| ☐ | Hutchinson, Shockey, Erley & Co. | 2.583462 |
| ☐ | Citigroup Global Markets Inc. | 2.585483 |
| ☐ | Guggenheim Securities, LLC | 2.646828 |
| ☐ | Bank of America Merrill Lynch | 2.651235 |

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

## Crews & Associates, Inc. - Little Rock , AR's Bid

PARITY

## Hardy Co BOE

## $21,545,000 Public School Bonds, Series 2012

For the aggregate principal amount of $21,545,000.00, we will pay you $21,642,948.10, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount $ | Coupon % |
|---|---|---|
| 06/01/2013 | 1,055M | 2.0000 |
| 06/01/2014 | 830M | 2.0000 |
| 06/01/2015 | 865M | 2.0000 |
| 06/01/2016 | 905M | 2.0000 |
| 06/01/2017 | 945M | 2.0000 |
| 06/01/2018 | 990M | 2.0000 |
| 06/01/2019 | 1,030M | 2.0000 |
| 06/01/2020 | 1,080M | 2.0000 |
| 06/01/2021 | 1,125M | 2.0000 |
| 06/01/2022 | 1,180M | 2.0000 |
| 06/01/2023 | 1,230M | 2.0000 |
| 06/01/2024 | 1,285M | 2.2500 |
| 06/01/2025 | 1,345M | 2.2500 |
| 06/01/2026 | 1,405M | 2.4500 |
| 06/01/2027 | 1,465M | 2.5000 |
| 06/01/2028 | 1,535M | 2.6250 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

| | |
|---|---|
| Total Interest Cost: | $5,357,466.00 |
| Premium: | $97,948.10 |
| Net Interest Cost: | $5,259,517.90 |
| TIC: | 2.381083 |

Time Last Bid Received On:10/11/2012 11:14:21 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.


Bidder: Crews & Associates, Inc., Little Rock , AR
Contact: John Compton
Title:
Telephone:501-907-2025
Fax: 501-907-4067


Issuer Name: The Board of Education of the County of Hardy

Company Name: _____

Accepted By: _____

Date: _____

Accepted By: _____

Date: _____

## Crews & Associates, Inc.'s Reoffering Scale

PARITY

## Hardy Co BOE

## $21,545,000 Public School Bonds, Series 2012

| Maturity Date | Amount $ | Coupon % | Yield % | Dollar Price | Call Date |
|---|---|---|---|---|---|
| 06/01/2013 | 1,055M | 2.0000 | 0.3500 | 100.987 | |
| 06/01/2014 | 830M | 2.0000 | 0.4500 | 102.468 | |
| 06/01/2015 | 865M | 2.0000 | 0.5000 | 103.869 | |
| 06/01/2016 | 905M | 2.0000 | 0.6000 | 104.978 | |
| 06/01/2017 | 945M | 2.0000 | 0.7500 | 105.641 | |
| 06/01/2018 | 990M | 2.0000 | 1.0000 | 105.432 | |
| 06/01/2019 | 1,030M | 2.0000 | 1.2000 | 105.061 | |
| 06/01/2020 | 1,080M | 2.0000 | 1.5000 | 103.578 | |
| 06/01/2021 | 1,125M | 2.0000 | 1.7500 | 101.987 | |
| 06/01/2022 | 1,180M | 2.0000 | 2.0000 | 100.000 | |
| 06/01/2023 | 1,230M | 2.0000 | 2.1000 | 99.053 | |
| 06/01/2024 | 1,285M | 2.2500 | 2.2500 | 100.000 | |
| 06/01/2025 | 1,345M | 2.2500 | 2.3500 | 98.913 | |
| 06/01/2026 | 1,405M | 2.4500 | 2.4500 | 100.000 | |
| 06/01/2027 | 1,465M | 2.5000 | 2.5500 | 99.392 | |
| 06/01/2028 | 1,535M | 2.6250 | 2.7500 | 98.421 | |
| 06/01/2029 | 1,600M | 3.0000 | 2.9000 | 100.830 | 06/01/2022 |
| 06/01/2030 | 1,675M | 3.0000 | 3.0000 | 100.000 | |

**Accrued Interest: $0.00**

**Gross Production: $21,828,490.60**

## Bids Comparison

PARITY

# Hardy Co BOE
# $21,545,000 Public School Bonds, Series 2012

Crews & Associates, Inc. - Little Rock, AR

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 2.0000 |
| 06/01/2014 | 830M | 2.0000 |
| 06/01/2015 | 865M | 2.0000 |
| 06/01/2016 | 905M | 2.0000 |
| 06/01/2017 | 945M | 2.0000 |
| 06/01/2018 | 990M | 2.0000 |
| 06/01/2019 | 1,030M | 2.0000 |
| 06/01/2020 | 1,080M | 2.0000 |
| 06/01/2021 | 1,125M | 2.0000 |
| 06/01/2022 | 1,180M | 2.0000 |
| 06/01/2023 | 1,230M | 2.0000 |
| 06/01/2024 | 1,285M | 2.2500 |
| 06/01/2025 | 1,345M | 2.2500 |
| 06/01/2026 | 1,405M | 2.4500 |
| 06/01/2027 | 1,465M | 2.5000 |
| 06/01/2028 | 1,535M | 2.6250 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.381083

Purchase Price $21,642,948.10

Robert W. Baird & Co., Inc. - Red Bank, NJ

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 2.0000 |
| 06/01/2014 | 830M | 2.0000 |
| 06/01/2015 | 865M | 2.0000 |
| 06/01/2016 | 905M | 2.0000 |
| 06/01/2017 | 945M | 2.0000 |
| 06/01/2018 | 990M | 2.0000 |
| 06/01/2019 | 1,030M | 2.0000 |
| 06/01/2020 | 1,080M | 2.0000 |
| 06/01/2021 | 1,125M | 2.0000 |
| 06/01/2022 | 1,180M | 2.0000 |
| 06/01/2023 | 1,230M | 2.0000 |
| 06/01/2024 | 1,285M | 3.0000 |
| 06/01/2025 | 1,345M | 2.5000 |
| 06/01/2026 | 1,405M | 3.0000 |
| 06/01/2027 | 1,465M | 3.0000 |
| 06/01/2028 | 1,535M | 3.0000 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.493207

Purchase Price $21,816,319.71

Hutchinson, Shockey, Erley & Co. - Chicago, IL

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 3.0000 |
| 06/01/2014 | 830M | 4.0000 |
| 06/01/2015 | 865M | 4.0000 |
| 06/01/2016 | 905M | 1.5000 |
| 06/01/2017 | 945M | 1.5000 |
| 06/01/2018 | 990M | 1.5000 |
| 06/01/2019 | 1,030M | 3.0000 |
| 06/01/2020 | 1,080M | 4.0000 |
| 06/01/2021 | 1,125M | 3.0000 |
| 06/01/2022 | 1,180M | 4.0000 |
| 06/01/2023 | 1,230M | 2.2500 |
| 06/01/2024 | 1,285M | 3.0000 |
| 06/01/2025 | 1,345M | 2.5000 |
| 06/01/2026 | 1,405M | 4.0000 |
| 06/01/2027 | 1,465M | 4.0000 |
| 06/01/2028 | 1,535M | 3.0000 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.583462

Purchase Price $22,521,824.99

Citigroup Global Markets Inc. - Chicago, IL

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 3.0000 |
| 06/01/2014 | 830M | 3.0000 |
| 06/01/2015 | 865M | 3.0000 |
| 06/01/2016 | 905M | 3.0000 |
| 06/01/2017 | 945M | 3.0000 |
| 06/01/2018 | 990M | 3.0000 |
| 06/01/2019 | 1,030M | 4.0000 |
| 06/01/2020 | 1,080M | 3.0000 |
| 06/01/2021 | 1,125M | 3.0000 |
| 06/01/2022 | 1,180M | 3.0000 |
| 06/01/2023 | 1,230M | 2.2500 |
| 06/01/2024 | 1,285M | 2.5000 |
| 06/01/2025 | 1,345M | 2.5000 |

Guggenheim Securities, LLC - New York, NY

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 2.5000 |
| 06/01/2014 | 830M | 2.5000 |
| 06/01/2015 | 865M | 3.0000 |
| 06/01/2016 | 905M | 3.0000 |
| 06/01/2017 | 945M | 3.0000 |
| 06/01/2018 | 990M | 3.0000 |
| 06/01/2019 | 1,030M | 4.0000 |
| 06/01/2020 | 1,080M | 4.0000 |
| 06/01/2021 | 1,125M | 4.0000 |
| 06/01/2022 | 1,180M | 4.0000 |
| 06/01/2023 | 1,230M | 4.0000 |
| 06/01/2024 | 1,285M | 3.0000 |
| 06/01/2025 | 1,345M | 3.0000 |

Bank of America Merrill Lynch - New York, NY

| Maturity | Amount | Coupon |
|---|---|---|
| 06/01/2013 | 1,055M | 3.0000 |
| 06/01/2014 | 830M | 3.0000 |
| 06/01/2015 | 865M | 3.0000 |
| 06/01/2016 | 905M | 3.0000 |
| 06/01/2017 | 945M | 3.0000 |
| 06/01/2018 | 990M | 3.0000 |
| 06/01/2019 | 1,030M | 3.0000 |
| 06/01/2020 | 1,080M | 3.0000 |
| 06/01/2021 | 1,125M | 3.0000 |
| 06/01/2022 | 1,180M | 3.0000 |
| 06/01/2023 | 1,230M | 2.2500 |
| 06/01/2024 | 1,285M | 2.3750 |
| 06/01/2025 | 1,345M | 3.0000 |

| | | |
|---|---|---|
| 06/01/2026 | 1,405M | 2.5000 |
| 06/01/2027 | 1,465M | 3.0000 |
| 06/01/2028 | 1,535M | 3.0000 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.585483
Purchase Price $22,074,551.86

| | | |
|---|---|---|
| 06/01/2026 | 1,405M | 3.0000 |
| 06/01/2027 | 1,465M | 3.0000 |
| 06/01/2028 | 1,535M | 3.0000 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.646828
Purchase Price $22,622,090.31

| | | |
|---|---|---|
| 06/01/2026 | 1,405M | 3.0000 |
| 06/01/2027 | 1,465M | 3.0000 |
| 06/01/2028 | 1,535M | 3.0000 |
| 06/01/2029 | 1,600M | 3.0000 |
| 06/01/2030 | 1,675M | 3.0000 |

TIC 2.651235
Purchase Price $22,024,462.25

**Bids Summary**

PARITY

## Hardy Co BOE
## $21,545,000 Public School Bonds, Series 2012

| | 06/01/2013 | | 06/01/2014 | | 06/01/2015 | | 06/01/2016 | | 06/01/2017 | | 06/01/2018 | | 06/01/2019 | | 06/01/2020 | | 06/01/2021 | | 06/01/2022 | | 06/01/2023 | | 06/01/2024 | | 06/01/2025 | | 06/01/2026 | | 06/01/2027 | | 06/01/2028 | | 06/01/2029 | | 06/01/2030 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | Amount | Coupon | TIC | Purchase Price |
| Crews & Associates, Inc. - Little Rock, AR | 1,055M | 2.0000 | 830M | 2.0000 | 865M | 2.0000 | 905M | 2.0000 | 945M | 2.0000 | 990M | 2.0000 | 1,030M | 2.0000 | 1,080M | 2.0000 | 1,125M | 2.0000 | 1,180M | 2.0000 | 1,230M | 2.0000 | 1,285M | 2.2500 | 1,345M | 2.2500 | 1,405M | 2.4500 | 1,465M | 2.5000 | 1,535M | 2.6250 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.381083 | $21,642,948.10 |
| Robert W. Baird & Co., Inc. - Red Bank, NJ | 1,055M | 2.0000 | 830M | 2.0000 | 865M | 2.0000 | 905M | 2.0000 | 945M | 2.0000 | 990M | 2.0000 | 1,030M | 2.0000 | 1,080M | 2.0000 | 1,125M | 2.0000 | 1,180M | 2.0000 | 1,230M | 2.0000 | 1,285M | 3.0000 | 1,345M | 2.5000 | 1,405M | 3.0000 | 1,465M | 3.0000 | 1,535M | 3.0000 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.493207 | $21,816,319.71 |
| Hutchinson, Shockey, Erley & Co. - Chicago, IL | 1,055M | 3.0000 | 830M | 4.0000 | 865M | 4.0000 | 905M | 1.5000 | 945M | 1.5000 | 990M | 1.5000 | 1,030M | 3.0000 | 1,080M | 4.0000 | 1,125M | 3.0000 | 1,180M | 4.0000 | 1,230M | 2.2500 | 1,285M | 3.0000 | 1,345M | 2.5000 | 1,405M | 4.0000 | 1,465M | 4.0000 | 1,535M | 3.0000 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.583462 | $22,521,824.99 |
| Citigroup Global Markets Inc. - Chicago, IL | 1,055M | 3.0000 | 830M | 3.0000 | 865M | 3.0000 | 905M | 3.0000 | 945M | 3.0000 | 990M | 3.0000 | 1,030M | 4.0000 | 1,080M | 3.0000 | 1,125M | 3.0000 | 1,180M | 3.0000 | 1,230M | 2.2500 | 1,285M | 2.5000 | 1,345M | 2.5000 | 1,405M | 2.5000 | 1,465M | 3.0000 | 1,535M | 3.0000 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.585483 | $22,074,551.86 |
| Guggenheim Securities, LLC - New York, NY | 1,055M | 2.5000 | 830M | 2.5000 | 865M | 3.0000 | 905M | 3.0000 | 945M | 3.0000 | 990M | 3.0000 | 1,030M | 4.0000 | 1,080M | 4.0000 | 1,125M | 4.0000 | 1,180M | 4.0000 | 1,230M | 4.0000 | 1,285M | 3.0000 | 1,345M | 3.0000 | 1,405M | 3.0000 | 1,465M | 3.0000 | 1,535M | 3.0000 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.646828 | $22,622,090.31 |
| Bank of America Merrill Lynch - New York, NY | 1,055M | 3.0000 | 830M | 3.0000 | 865M | 3.0000 | 905M | 3.0000 | 945M | 3.0000 | 990M | 3.0000 | 1,030M | 3.0000 | 1,080M | 3.0000 | 1,125M | 3.0000 | 1,180M | 3.0000 | 1,230M | 2.2500 | 1,285M | 2.3750 | 1,345M | 3.0000 | 1,405M | 3.0000 | 1,465M | 3.0000 | 1,535M | 3.0000 | 1,600M | 3.0000 | 1,675M | 3.0000 | 2.651235 | $22,024,462.25 |

# OVERVIEW REPORT

PARITY

| Issuer | State | Issue Size | Sale Date |
|---|---|---|---|
| The Board of Education of the County of Hardy | WV | $21,545,000 | 10/11/2012 |
| **Issue Description** | | **Moody's/S&P/Fitch** | **Sale Time** |
| Public School Bonds, Series 2012 | | /AA / | 11:30AM EDST |
| **Dated Date** | **Due Date** | **First Int Date** | **Delivery** |
| 10/25/2012 | 06/01/2013 Thru 06/01/2030 | 06/01/2013 | On or about 10/25/2012 |
| **Bid Award** | | **Bank Qualified** | |
| Low TIC - Dated Date excluding Accrued Int | | No | |

| Series Size | | Series Description | |
|---|---|---|---|
| $21,545,000 | | Public School Bonds, Series 2012 | |
| **Security Type** | **Bond Form** | **Insured By Issuer/Enhancement** | **Interest** |
| Ult G.O. | Book Entry | No | J1-D1 |

## BID SPECS

| | |
|---|---|
| **Max NIC/TIC** | None |
| **Denomination** | $5,000.00 |
| **Coupon Mults** | 1/8 and 1/20 of 1% only |
| **Overall Cpn Dif** | 3.000% |
| **Low Cpn** | None |
| **Low Yield** | None |
| **Low Dollar** | None |
| **High Cpn** | Not to Exceed Rate (6.5000%) |
| **High Yield** | None |
| **High Dollar** | None |

| | |
|---|---|
| **Series Min Bid** | >= $21,545,000.00 or 100 % |
| **Series Max Bid** | <= $22,622,250.00 or 105 % |
| **Zeros Cpn** | Not Permitted |
| **Rates per Mat** | One |
| **Term Bonds** | Serial Bonds only |
| **# of Cpns** | |
| **Asc Cpn** | |

| Maturity | CUSIP | $ Amount | Rate | Basis/ Yield | Mdy's/S&P/Fitch |
|---|---|---|---|---|---|
| 06/01/2013 | | $1,055,000 | | | /AA / |
| 06/01/2014 | | $830,000 | | | /AA / |
| 06/01/2015 | | $865,000 | | | /AA / |
| 06/01/2016 | | $905,000 | | | /AA / |
| 06/01/2017 | | $945,000 | | | /AA / |
| 06/01/2018 | | $990,000 | | | /AA / |
| 06/01/2019 | | $1,030,000 | | | /AA / |
| 06/01/2020 | | $1,080,000 | | | /AA / |
| 06/01/2021 | | $1,125,000 | | | /AA / |
| 06/01/2022 | | $1,180,000 | | | /AA / |
| 06/01/2023 | | $1,230,000 | | | /AA / |
| 06/01/2024 | | $1,285,000 | | | /AA / |

| | | | | | |
|---|---|---|---|---|---|
| 06/01/2025 | | $1,345,000 | | | /AA / |
| 06/01/2026 | | $1,405,000 | | | /AA / |
| 06/01/2027 | | $1,465,000 | | | /AA / |
| 06/01/2028 | | $1,535,000 | | | /AA / |
| 06/01/2029 | | $1,600,000 | | | /AA / |
| 06/01/2030 | | $1,675,000 | | | /AA / |

| Call Feature | Avg Life To Dated Date | Day Count |
|---|---|---|
| Bonds due 06/01/2023-06/01/2030 callable Jun 1, 2022 at par. | 10 YRS. 1 MOS. 25 DAYS. | 30/360 |

| Notes |
|---|
| (1) If the bonds qualify for insurance, the cost therefor will be at the purchaser's option and expense. (2) The successful bidder will be required to provide to the Financial Advisor by facsimile transmission to (304) 551-0228 within one-half (1/2) after the verbal award of the bonds the initial offering price/yields of the bonds to the public. (3) If a wire transfer is used, it must be submitted by the purchaser not later than 3PM ET on the sale date. |

| Bid Address To | Payment Type | Payable To | Good Faith |
|---|---|---|---|
| Electronic bids via Parity | Certified/cashier's check/wire transfer | Board of Education | $430,900 |

| Parity | Insurance Disclosed | Ins Prem. Disclosed | Bond Cost | Legal Cost | Sure Bid |
|---|---|---|---|---|---|
| Yes | No | No | Board of Education | Board of Education | No |

| Financial Advisor | Legal Opinion | Paying Agent | Base CUSIP |
|---|---|---|---|
| Piper Jaffray , Charleston WV 304-343-7102 | Bowles Rice , Charleston WV 304-347-1100 | W VA Muni Bond WV (to Cede & Co, as nominee of DTC, NYC) | |

# 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 Hardy [West Virginia]
(Name of Issuer and Co-Issuer(s), if applicable)

September 5, 2012
(Date)

**The Depository Trust Company**
55 Water Street, 1SL
New York, NY 10041-0099
Attention: Underwriting Department

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.

The Board of Education of the County of Hardy [West Virginia]
(Issuer)

By: Barbara Whitecotton
(Authorized Officer's Signature)

Barbara Whitecotton
(Print Name)

510 Ashby Street
(Street Address)

Moorefield, WV, USA, 26836-1099
(City) (State) (Country) (Zip Code)

304.530.2348
(Phone Number)

bwhiteco@access.k12.wv.us
(E-mail Address)

Received and Accepted
**THE DEPOSITORY TRUST COMPANY**

By: Jeanne Mann

DTCC.

*The Depository Trust & Clearing Corporation*

*BLOR 08/10/11*

# 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)

**SCHEDULE A**
(To Blanket Issuer Letter of Representations)

# SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

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.

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.

# REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of October, 2012, by and between THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, the governing body of the Hardy County School District, a public school district of the State of West Virginia (the "Issuer"), and UNITED BANK, INC. Charleston, West Virginia, a state banking corporation (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $21,545,000 aggregate principal amount of Public School Bonds, Series 2012, in fully registered form (the "Bonds"), pursuant to a Resolution and Order adopted July 16, 2012 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar and a Paying Agent for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as 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:

Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

The Registrar 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 Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer and the Registrar shall be fully indemnified and held harmless by the Issuer for any claims against Registrar as a result of the Registrar's following the directions of the Issuer.

As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

It is intended that this Registrar's 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 Registrar's Agreement and the Resolution the terms of the Resolution shall govern.

The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

| | |
|---|---|
| ISSUER: | The Board of Education<br>of Hardy County<br>510 Ashby Street<br>Moorefield, West Virginia 26836<br>Attention: Treasurer |
| REGISTRAR: | United Bank, Inc.<br>500 Virginia Street East<br>Charleston, West Virginia 25301<br>Attention: Corporate Trust Department |

The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with instructions provided by the Purchaser thereof.

[Balance of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF HARDY and UNITED BANK, INC., a West Virginia state banking corporation, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY

By: Margaret A. Shriver
Margaret A. Shriver
Its: President

UNITED BANK, INC.

By:
Kathy Smith
Its: Vice President

# EXHIBIT A

# RESOLUTION AND ORDER

**EXECUTION COPY**

# HARDY COUNTY BOARD OF EDUCATION
# RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, the Board of Education of the County of Hardy (the "Issuer"), has heretofore, on the 30th day of January 2012, made and entered of record an order upon the question of authorizing bonds in the amount of Twenty One Million Five Hundred Forty-five Thousand Dollars ($21,545,000) to be issued and sold for the purpose of providing funds for making certain improvements in Hardy County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 8th day of May 2012, 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 Hardy County, sitting as The Board of Canvassers of the County of Hardy, on the 16th day of May 2012 was 1,998 votes for and 1,573 votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, fifty-six percent (56%) 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 HARDY AS FOLLOWS:

1. Bonds in the aggregate principal amount of $21,545,000 (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 therefore 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 six and fifty hundredths percent (6.50%) per annum, payable semiannually, on June and December 1, commencing June 1, 2013, 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 $1,055,000 due and payable June 1, 2013;

   Bonds in the amount of $830,000 due and payable June 1, 2014;

Bonds in the amount of $865,000 due and payable June 1, 2015;

Bonds in the amount of $905,000 due and payable June 1, 2016;

Bonds in the amount of $945,000 due and payable June 1, 2017;

Bonds in the amount of $990,000 due and payable June 1, 2018;

Bonds in the amount of $1,030,000 due and payable June 1, 2019;

Bonds in the amount of $1,080,000 due and payable June 1, 2020;

Bonds in the amount of $1,125,000 due and payable June 1, 2021;

Bonds in the amount of $1,180,000 due and payable June 1, 2022;

Bonds in the amount of $1,230,00 due and payable June 1, 2023;

Bonds in the amount of $1,285,000 due and payable June 1, 2024;

Bonds in the amount of $1,345,000 due and payable June 1, 2025;

Bonds in the amount of $1,405,000 due and payable June 1, 2026;

Bonds in the amount of $1,465,000 due and payable June 1, 2027;

Bonds in the amount of $1,535,000 due and payable June 1, 2028;

Bonds in the amount of $1,600,000 due and payable June 1, 2029;

Bonds in the amount of $1,675,000 due and payable June 1, 2030;

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

4. In the event that bids received for the Bonds provide for a "premium" and the Issuer's Financial Adviser advises that such bid provides for the lowest cost to the Issuer, to the fullest extent permitted by West Virginia law, the Issuer with the advice of the Financial Adviser may adjust the schedule of maturities aforesaid.

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

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

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

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

5. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the Office of the West Virginia Municipal Bond Commission (the "Paying Agent"), as agent for 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.

6. 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 eighteen and one-half (18 ½) years, or 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.

7. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000) 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.

8. 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."

9. Each Bond shall be signed by and on behalf of the Issuer by the President of the Board 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 B", shall have been manually executed by the duly appointed registrar for the Bonds (the "Registrar").

10. 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.

11. 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.

12. 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.

13. 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 Non-purpose Investments) to persons other than state or local government units.

14. The Issuer shall not take any action or permit or suffer any action to be taken, 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.

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

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

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

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

19. All officers, members and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause valid Bonds to be issued as authorized by the voters of the District at the primary election held on the 8th day of May 2012, 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 16th day of July 2012.

[Remainder of Page Intentionally Left Blank.]

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

[SEAL]

President

ATTEST:

Secretary

[Signature Page to Resolution and Order - Hardy County]

EXHIBIT "A"

FORM OF A BOND

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

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

THE BOARD OF EDUCATION OF THE COUNTY OF HARDY
PUBLIC SCHOOL BONDS, SERIES 2011
(WEST VIRGINIA)

| NO. R-_ | MATURITY DATE | BOND DATE | $___,___ |
|---|---|---|---|
| | June 1, ____ | _____ __, 2013 | |
| INTEREST RATE | | | CUSIP |
| _.__% | | | _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF HARDY, WEST VIRGINIA, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 in each year, beginning June 1, 2013 (each an "Interest Payment Date"). Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Bond Act"), both the principal and

interest are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as the paying agent (the "Paying Agent"). [_____], [_____], West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the [_____] in [_____], West Virginia; and interest on this Bond is payable by check or draft, mailed to the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

The Bonds maturing on or after June 1, 20___, are subject to redemption on or after June 1, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price of ____% of principal amount to be so redeemed, plus interest, if any, accrued to the date fixed for redemption.

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

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

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

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

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

The Board and the Registrar shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

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

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

This Bond shall not be entitled to any benefit under the Resolution and Order nor shall it be valid, obligatory or enforceable for any purpose until the Certificate of Authentication and Registration shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF HARDY has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF HARDY

(SEAL)

_____
President

_____
Secretary

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ __, 2012.

[_____]
As Registrar

By: _____
Vice President and Trust Officer

## FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 2012" (the "Bonds"), issued by the Board in the aggregate principal amount of Twenty-One Million Five Hundred Forty-Five Thousand Dollars ($21,545,000). The Bonds were authorized to be issued by a majority of voters at a primary election held on May 8, 2012. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, renovation and other capital expenditures of five (5) projects as permitted by law, with all necessary appurtenances, situated in Hardy County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

## ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

Dated: _____.

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

## ATTORNEY GENERAL'S APPROVAL

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

WITNESS my hand this the ____ day of _____ 2012.

_____

Attorney General of the State of West Virginia

EXHIBIT "B"

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love LLP Bond Counsel, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____ ____, 2012

[_____], As Registrar

By: _____
[Vice President and Trust Officer]

**WEST VIRGINIA MUNICIPAL BOND COMMISSION**
Suite 401
1207 Quarrier Street, Charleston, WV 25301
(304) 558-3971 FAX: 558-1280

Closing Item No. 36
NEW ISSUE REPORT FORM
Date of Report: October 21, 2012

ISSUE: The Board of Education of the County of Hardy [West Virginia]

ADDRESS: 510 Ashby Street, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: N/A

ISSUE DATE: October 25, 2012 CLOSING DATE: October 25, 2012

ISSUE AMOUNT: $21,545,000 RATE: See Exhibit A

1st DEBT SERVICE DUE: June 1, 2013 1st PRINCIPAL DUE: June 1, 2013

1st DEBT SERVICE AMOUNT: $1,351,079.75 PAYING AGENT: MBC

*BOND COUNSEL:* Bowles Rice LLP
Contact Person: Edward D. McDevitt
Phone: 304.347.1711

*UNDERWRITERS COUNSEL:* N/A
Contact Person:
Phone:

*CLOSING BANK:* BB&T WV*
Contact Person: Michael Holtsclow
Phone: 304.348.7078

*ESCROW TRUSTEE:* N/A
Contact Person:
Phone:

*KNOWLEDGEABLE ISSUER CONTACT:*
Contact Person: Veeta Burgess
Position: Treasurer
Phone: 304.530.2349
Email: vburgess@access.k12.wv.us

*OTHER:* FA - Piper Jaffray & Co.
Contact Person: Marie L. Prezioso
Position: Senior Vice President
Phone: 304.343.7102

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check
____ In-house Transfer

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $
____ To Issuer: $
____ To Cons.Invest Fund $
____ To Other: $

NOTES: *$21,212,048.10 ($21,545,000 plus premium of $97,948.10, less good faith deposit of $430,900) to be invested with the State Treasurer's office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

# EXHIBIT A

## MATURITY SCHEDULE

| Bond No. | Year (June 1) | CUSIP | Principal Amount | Interest Rate |
|---|---|---|---|---|
| R-1 | 2013 | 412444 BE0 | 1,055,000 | 2.00% |
| R-2 | 2014 | 412444 BF7 | 830,000 | 2.00% |
| R-3 | 2015 | 412444 BG5 | 865,000 | 2.00% |
| R-4 | 2016 | 412444 BH3 | 905,000 | 2.00% |
| R-5 | 2017 | 412444 BJ9 | 945,000 | 2.00% |
| R-6 | 2018 | 412444 BK6 | 990,000 | 2.00% |
| R-7 | 2019 | 412444 BL4 | 1,030,000 | 2.00% |
| R-8 | 2020 | 412444 BM2 | 1,080,000 | 2.00% |
| R-9 | 2021 | 412444 BN0 | 1,125,000 | 2.00% |
| R-10 | 2022 | 412444 BP5 | 1,180,000 | 2.00% |
| R-11 | 2023 | 412444 BQ3 | 1,230,000 | 2.00% |
| R-12 | 2024 | 412444 BR1 | 1,285,000 | 2.25% |
| R-13 | 2025 | 412444 BS9 | 1,345,000 | 2.25% |
| R-14 | 2026 | 412444 BT7 | 1,405,000 | 2.45% |
| R-15 | 2027 | 412444 BU4 | 1,465,000 | 2.50% |
| R-16 | 2028 | 412444 BV2 | 1,535,000 | 2.625% |
| R-17 | 2029 | 412444 BW0 | 1,600,000 | 3.00% |
| R-18 | 2030 | 412444 BX8 | 1,675,000 | 3.00% |
| | | | **21,545,000** | |

# State of West Virginia

# Certificate

*I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 1 OF THE WEST VIRGINIA CODE, AND CHAPTER 13, ARTICLE 1 OF THE 2012 SUPPLEMENT TO 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*
October 17, 2012

Natalie E. Tennant
*Secretary of State*

# ARTICLE 1

# BOND ISSUES FOR ORIGINAL INDEBTEDNESS

**Section**


13-1-1. Political divisions authorized to issue and sell bonds.
13-1-1a. Exemption from interest rate ceilings.
13-1-2. Purposes for which bonds may be issued.
13-1-3. Amount and purpose of indebtedness for which bonds may be issued.
13-1-4. Bond issue proposal to be submitted to voters; election order.
13-1-5. Engineer's estimate.
13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.
13-1-6a. When proceeds of bond issue specified for one project may be used for another project.
13-1-7. When election to be held.
13-1-8. Publication of notice of election.
13-1-9. Registration of voters.
13-1-10. Election precincts.
13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.
13-1-12. Form of ballot.
13-1-13. Time and manner of canvassing returns.
13-1-14. Resolution authorizing issuance and fixing terms of bonds.
13-1-15. Bonds to be payable in annual installments.
13-1-15a. Bonds may be subject to redemption.
13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.
13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.
13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.
13-1-19. Signing, sealing and delivery of bonds and coupons.
13-1-20. Imposition and collection of tax to pay bonds and interest.
13-1-21. Advertisement and sale of bonds.
13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.
13-1-23. No law, order, ordinance, resolution, proceeding or publication necessary except as prescribed by this article.
13-1-24. Legal status of bonds.
13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.
13-1-26. Review in supreme court of appeals of action of attorney general.
13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.
13-1-28. Indorsement on bonds by attorney general.
13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.
13-1-30. Files and records to be kept by attorney general.
13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred.
13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article.
13-1-33. Bonds exempt from taxation.

Section
13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value.
13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same.

## § 13-1-1. Political divisions authorized to issue and sell bonds

Any county, by and through its county court, either for and on behalf of the county or for and on behalf of any magisterial district, or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may issue and sell its bonds, in the manner and subject to the limitations and conditions hereinafter contained in this article.

Acts 1923, c. 14, § 1.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

### Library References

**Key Numbers**
Counties ⇐173.
Municipal Corporations ⇐906.
Schools ⇐97(1).
Westlaw Key Number Searches: 104k173; 268k906; 345k97(1).

**Encyclopedias**
C.J.S. Municipal Corporations §§ 1645 to 1646, 1702.
C.J.S. Schools and School Districts §§ 522, 524, 527 to 529, 531.

### Notes of Decisions

**Mandamus 2**
**Municipal powers and duties 1**

**1. Municipal powers and duties**

City council would be justified in refusing to submit bond issue ordinance to voters under general state law where petition did not comply with statute inasmuch as no specification of amount of bonds to be issued and voted upon was contained in petition, which described amount only in terms of difference between cost of project and other funds available. Code, 13-1-1 et seq. State ex rel. Horne v. Adams, 1970, 175 S.E.2d 193, 154 W.Va. 269. Municipal Corporations ⇐ 918(2)

Statute authorizing taxing unit to issue bonds for governmental purposes pursuant to local popular vote held not repealed by statute allocating approximately 30 per cent. of direct levies authorized under constitutional tax limitation amendment to governmental bonded indebtedness created prior thereto, and approximately 70 per cent. thereof to current government expenses. Code 1931, 13-1-1 et seq.; Acts 1933, 2d Ex.Sess., c. 67; Const. art. 10, § 8; art. 10, § 1, amended (see Acts 1932, Ex.Sess., c. 10). Walker v. City of Charleston, 1935, 182 S.E. 766, 116 W.Va. 645. Municipal Corporations ⇐ 907

Municipality may issue bonds for governmental purposes pursuant to popular vote, notwithstanding constitutional tax limitation amendment. Code 1931, 13-1-1 et seq; Const. art. 10, § 8; art. 10 § 1, amended (see Acts 1932, Ex.Sess., c. 10). Walker v. City of Charleston, 1935, 182 S.E. 766, 116 W.Va. 645. Municipal Corporations ⇐ 918(1)

**2. Mandamus**

Petitioners who, by petition designated as one under city charter, sought submission of bond issue question to election were not entitled to mandamus to compel submission in accordance with initiative provision of general state law. Code, 13-1-1 et seq., 13-1-4. State ex rel. Horne v. Adams, 1970, 175 S.E.2d 193, 154 W.Va. 269. Mandamus ⇐ 74(2)

## § 13-1-1a. Exemption from interest rate ceilings

Notwithstanding any other provision in this Code to the contrary, any municipality, county or state agency shall be free of interest rate restrictions

when obtaining loans from the farmers home administration, housing and urban development and the economic development authority where such loans are made from federal moneys and are made for public projects. It is the intention of the legislature that the political subdivisions of this State take maximum possible advantage of federal programs and financing alternatives where such would be in the best interests of this State.

Acts 1982, c. 93.

## § 13–1–2. Purposes for which bonds may be issued

Debt may be incurred and bonds issued under this article for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking, or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work, improvement or department, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, or for other similar corporate purpose, for which the political division is authorized to levy taxes or expend public money. But no bonds shall be issued for the purpose of providing funds for the current expenses of any body or political division. Interest accruing during the construction period, that is to say, the time when an improvement is under construction and six months thereafter, shall be deemed a part of the cost of the improvement, and shall not be deemed current expenses. All engineering and inspection costs, including a proper proportion of the compensation, salaries and expenses of the engineering staff of the political division properly chargeable to any work or improvements, as determined by the governing body, or the estimated amount of such costs, shall be deemed part of the cost of an improvement. All costs and estimated costs of the issuance of bonds shall be deemed a part of the cost of the work or improvement, or of the property, or of the carrying out of the purposes for which such bonds are to be issued. The power to acquire or construct any building, work or improvement as herein provided shall be deemed to include the power to acquire the necessary lands, sites and rights-of-way therefor.

Bonds may also be issued by any municipality having a population of fifty thousand or more or by any county for the purpose of acquiring land and constructing a building or buildings for use and occupancy as a college. The proposal for such a bond issue shall contain a provision that there shall be created a commission or committee for the purpose of operating the building or buildings and for renting the same for an amount sufficient to pay the interest and sinking fund on the bonds proposed to be issued, and shall contain a further provision that in the event a sufficient amount is not realized from rent or rents for the purpose of meeting the debt service, then the city or county shall lay a levy for such purpose in an amount sufficient within the constitutional and statutory limitation to pay the interest and principal on such bonds as the same become due and payable. The proposal may also contain a provision

that when the bonds and the interest thereon shall have been paid, then the title to the land and the building or buildings situated thereon may be transferred to the college to which the same have been rented.

Acts 1923, c. 14, § 2; Acts 1941, c. 8; Acts 1945, c. 17; Acts 1974, c. 8.

### Library References

**Key Numbers**

Counties ⇐173.2 to 175.
Municipal Corporations ⇐910 to 913.
Schools ⇐97.
Westlaw Key Number Searches: 104k173.2 to 104k175; 268k910 to 268k913; 345k97.

**Encyclopedias**

C.J.S. Counties §§ 218, 220.
C.J.S. Municipal Corporations §§ 1647 to 1651, 1653.
C.J.S. Schools and School Districts §§ 522 to 524, 527 to 529.

### Notes of Decisions

**In general 1**
**Mandamus 3**
**Public purpose 2**

**1. In general**

Under Acts 1905, c. 51, Code 1913, c. 47A, § 1 (section 2495), a county court cannot issue bonds payable or redeemable out of taxes to be raised from persons and property of a magisterial district in excess of 2½ per cent. of the assessed value of the taxable property in such district. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇐ 150(1)

Acts 1911, c. 38, § 25a, Code 1913, c. 43, § 56a (section 1793), authorizing the issuance of bonds for road improvement, does not impliedly repeal the limitation imposed by Acts 1905, c. 51, Code 1913, c. 47A, § 1 (section 2495). Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇐ 150(1)

An issue of magisterial district bonds under Acts 1911, c. 38, § 25a, not solely for the construction of roads in the district, but largely for the construction or purchase of bridges therein, exceeding five feet in length, is illegal and void. Hedrick v. Summers County Court, 1913, 77 S.E. 359, 71 W.Va. 732. Bridges ⇐ 11

**2. Public purpose**

A town cannot constitutionally be authorized to issue bonds to be paid by taxation and donate them in aid of a manufacturing and mining enterprise; that not being a municipal or public purpose. Ohio Valley Iron Works v. Town of Moundsville, 1877, 11 W.Va. 1. Municipal Corporations ⇐ 910

**3. Mandamus**

Mandamus to require county court to reimburse road bond fund, depleted by illegal expenditures, out of funds thereafter to be raised, will be denied (Barnes' Code 1923, c. 28A, § 12). State v. County Court of Lincoln County, 1928, 141 S.E. 874, 105 W.Va. 235. Mandamus ⇐ 16(1)

A mandamus nisi, sued out to compel the levy of a tax for the payment of an unauthorized issue of bonds by a town, should be dismissed. Ohio Valley Iron Works v. Town of Moundsville, 1877, 11 W.Va. 1. Mandamus ⇐ 112.1

## § 13-1-3. Amount and purpose of indebtedness for which bonds may be issued

No political division authorized by this article to issue bonds, except county boards of education, shall by any bond issue, become indebted to an amount, including all other indebtedness, exceeding two and one-half percent of the value of the taxable property therein, as shown by the last assessment thereof, for state and county purposes, next prior to the issuing of such bonds: Provided, that any county for the erection and equipment of a courthouse and/or jail for such county, with funds borrowed from the government of the United States or any governmental agency, federal or state, and any municipal corporation of three hundred inhabitants or more, for the purpose of grading, paving, sewering, and otherwise improving or reimproving its streets and alleys, or for establishing and maintaining a library or museum for the public

use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, may become indebted and issue bonds in an additional sum not exceeding two and one-half percent of the value of the taxable property therein, ascertained as aforesaid: Provided, however, That no county board of education authorized by this article to issue bonds, shall, by any bond issue, become indebted, in any manner, or for any purpose, to an amount, including all other indebtedness, in the aggregate, exceeding five percent on the value of the taxable property therein, in the county school district to be ascertained by the last assessment for state and county taxes, previous to the incurring of such indebtedness, in the manner provided by the "School Bond Amendment," as ratified.

The term "sewering" as used herein shall be treated in a comprehensive sense, so as to include all mains, laterals, connections, traps, incinerating and disposal plants, and other necessary and convenient accessories to a modern sanitary and efficient sewerage system and shall include storm sewers.

The county court of any county is hereby authorized and empowered to negotiate and sell to the government of the United States or to any governmental agency, federal or state, at private sale, at not less than par any bonds issued for the purpose of erecting and equipping a courthouse or other public buildings for such county, under and by virtue of this article, without first offering them for sale at public auction, or to any other person or agency.

Acts 1923, c. 14, § 3; Acts 1925, c. 42; Acts 1927, c. 58; Acts 1931, c. 36; Acts 1935, c. 21; Acts 1941, c. 8; Acts 1945, c. 17; Acts 1951, c. 153; Acts 1974, c. 8.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

### Cross References

Election to increase levies, vote required, amount and continuation of additional levy, issuance of bonds, see § 11-8-16.
Taxation and finance, constitutional provisions, see Const. Art. 10 § 1.

### Library References

**Key Numbers**

Counties ⇐173.1.
Municipal Corporations ⇐914.
Schools ⇐97(3).
Westlaw Key Number Searches: 104k173.1; 268k914; 345k97(3).

**Encyclopedias**

C.J.S. Counties § 219.
C.J.S. Municipal Corporations §§ 1654, 1656 to 1657.
C.J.S. Schools and School Districts §§ 525 to 526.

### Notes of Decisions

**Bonds approved in excess of debt limit 6**
**Constitutional rights and obligations 4**
**Construction and application 3**
**Debt load of subordinate governmental units 5**
**Validity 1**
**Validity of related laws 2**

**1. Validity**

Statute prohibiting bond issue by county increasing indebtedness to amount, exceeding 2½ per cent., of value of taxable property in county,

held valid, notwithstanding constitutional limitation on indebtedness. Code 1931, 13-1-3; Const. art. 10, § 8. Sanders v. Raleigh County Court, 1934, 174 S.E. 878, 115 W.Va. 187. Counties ⇦ 173.1

**2. Validity of related laws**

Acts of 1905, c. 51, Code 1913, c. 47A, § 1 (section 2495), limiting the indebtedness of counties, etc., to 2½ per cent. of the assessed value of the taxable property, held not violative of Const. art. 10, § 8, Code 1913, p. cxviii, providing that such indebtedness shall not exceed 5 per cent. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(1)

**3. Construction and application**

Original voter mandate on approving school bond issue, which required voters to be advised and to approve of key elements of original bond issue, determines maximum amount of indebtedness allowable under a financing plan involving refunding bonds, which indebtedness is calculated by adding to original principal amount of bonds authorized the accrued interest that would be paid on the original bonds over their maturity, and from that total, there must be deducted amounts of principal and interest paid on the original bond issue to reach the net amount available for financing plan involving refunding bonds. Code, 13-1-4. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇦ 97(3)

Constitutional and statutory limitations on indebtedness of distinct political subdivisions, such as counties, school districts, and municipal corporations, apply distributively and not collectively (Code 1931, § 13-1-3; Const. art. 10, § 8). Sanders v. Raleigh County Court, 1934, 174 S.E. 878, 115 W.Va. 187. Counties ⇦ 150(1)

Acts 1911, c. 38, § 25a, Code 1913, c. 43, § 56a (section 1793), authorizing the issuance of bonds for road improvement, does not impliedly repeal the limitation imposed by Acts 1905, c. 51, Code 1913, c. 47A, § 1 (section 2495). Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(1)

**4. Constitutional rights and obligations**

Const. art. 10, § 8, Code 1913, p. cxviii, does not authorize or recognize a pre-existent right in counties, etc., to incur indebtedness, but merely imposes a limitation. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(1)

Section 8 of article 10 of the Constitution, Code 1913, p. cxviii, does not grant to counties, cities, school districts, and municipal corporations the right to incur indebtedness to the extent of 5 per cent, of the assessed value of the taxable property therein, nor recognize such right in them as pre-existent. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(3)

**5. Debt load of subordinate governmental units**

Political divisions of state, such as counties, may not incur obligations in amounts exceeding legally available revenue from taxes raised by valid levies or other legally authorized sources. State ex rel. Mercer County Court v. Partlow, 1947, 45 S.E.2d 506, 130 W.Va. 777, 175 A.L.R. 813. Counties ⇦ 149

Outstanding indebtedness of magisterial districts within county held indebtedness of county as basis for determining whether proposed bond issue exceeds limitation on indebtedness. Code 1931, 13-1-3; Const. art. 10, § 8. Sanders v. Raleigh County Court, 1934, 174 S.E. 878, 115 W.Va. 187. Counties ⇦ 150(3)

Outstanding indebtedness of school districts and municipal corporations within county held not indebtedness of county as basis for determining whether proposed bond issue exceeds limitation on indebtednes Code 1931, 13-1-3; Const. art. 10, § 8. Sanders v. Raleigh County Court, 1934, 174 S.E. 878, 115 W.Va. 187. Counties ⇦ 150(3)

Under Acts 1905, c. 51, Code 1913, c. 47A, § 1 (section 2495), a county court cannot issue bonds payable or redeemable out of taxes to be raised from persons and property of a magisterial district in excess of 2½ per cent. of the assessed value of the taxable property in such district. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(1)

A county court cannot issue bonds payable or redeemable out of taxes to be raised from persons and property of a magisterial district in excess of 2½ per cent. of the assessed value of the taxable property in such district. Pfalzgraf v. Wood County Court, 1914, 81 S.E. 397, 73 W.Va. 723. Counties ⇦ 150(3)

**6. Bonds approved in excess of debt limit**

The 1939 act, giving effect to 1932 tax limitation constitutional amendment, prohibited county's creation of bonded indebtedness exceeding amount of principal and interest payable annually during existence of debt from funds made available for such purpose by maximum tax rates levied annually on specified classes of property, and hence invalidated county's proposed airport bond issue in amount exceeding such limit, though approved by required three-fifths majority of county's qualified voters. Acts 1939, c. 132, and § 6b; Const. art. 10, § 1. State ex rel. Mercer County Court v. Partlow, 1947, 45 S.E.2d 506, 130 W.Va. 777, 175 A.L.R. 813. Counties ⇦ 149

Generally, bonds of political division, such as county, for amount exceeding its debt limita-

tion, are void. State ex rel. Mercer County Court v. Partlow, 1947, 45 S.E.2d 506, 130 W.Va. 777, 175 A.L.R. 813. Counties ⇐ 150(1)

## § 13–1–4. Bond issue proposal to be submitted to voters; election order

No debt shall be contracted or bonds issued under this article until all questions connected with the same shall have been first submitted to a vote of the qualified electors of the political division for which the bonds are to be issued, and shall have received three fifths of all the votes cast for and against the same. The governing body of any political division referred to in this article may, and when requested so to do by a petition in writing, praying that bonds be issued and stating the purpose and amount thereof, signed by legal voters of the political division equal to twenty percent of the votes cast in a county or magisterial district for governor, or in a municipal corporation or school district for mayor or members of the board of education, as the case may be, shall, by order entered of record, direct that an election be held for the purpose of submitting to the voters of the political division all questions connected with the contracting of debt and the issuing of bonds. Such order shall state:

(a) The necessity for issuing the bonds, or, if a petition has been filed as provided herein, that such petition has been filed;

(b) If for the construction of a county-district road or bridge thereon, a summary of the engineer's report provided for in the following section setting forth the approximate extent and the estimated cost of the proposed improvement, and the kind or class of work to be done thereon;

(c) Purpose or purposes for which the proceeds of bonds are to be expended;

(d) Valuation of the taxable property as shown by the last assessment thereof for state and county purposes;

(e) Indebtedness, bonded or otherwise;

(f) Amount of the proposed bond issue;

(g) Maximum term of bonds and series;

(h) Maximum rate of interest;

(i) Date of election;

(j) If a special election, names of commissioners for holding same;

(k) If registration of voters is necessary, notice of the time, place and manner of making same;

(*l*) That the levying body is authorized to lay a sufficient levy annually to provide funds for the payment of the interest upon the bonds and the principal at maturity, and the approximate rate of levy necessary for this purpose;

(m) In the case of school bonds, that such bonds, together with all existing bonded indebtedness, will not exceed in the aggregate five percent of the value of the taxable property in such school district ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable

from a direct annual tax levied and collected in each year on all taxable property in such school district sufficient to pay the principal and the interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution.

Any other provision which does not violate any provision of law, or transgress any principle of public policy, may be incorporated in the order.

Acts 1923, c. 14, § 4; Acts 1951, c. 153; Acts 1959, c. 132.

## Cross References

Election to increase levies, vote required, amount and continuation of additional levy, issuance of bonds, see § 11-8-16.

## 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**
**Absentee ballots 9**
**Approval of illegal bond proposal 13**
**Contents of election order 7**
**Contesting election 12**
**Court ordered submission to electorate 11**
**Departures from provisions of election order 8**
**Interest 4**
**Judicial powers and duties 10**
**Mandamus 14**
**Necessity for submission of proposal 5**
**Notice of election 6**
**Statutory compliance 2**
**Validity of voting requirements 3**

### 1. In general

Activity of chamber of commerce in an attempt, in a proper way, to influence county court to submit bond issue for acquisition or construction of an airport was insufficient to invalidate bond issue. Code 1931, 13-1-4. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇦ 183(1)

The fact that a commercial or civic organization may interest itself in advocating public improvements should not be permitted to detract from merits of project or affect legality of any action of public officials influenced thereby unless such influence is exerted in an improper way and can be said to amount to an improper control of acts of such officials. Code 1931, 13-1-4. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Municipal Corporations ⇦ 316

### 2. Statutory compliance

The statute requiring that county voters be correctly advised as to all existing indebtedness, bonded and otherwise, at time proposed bond issue is submitted to voters is mandatory and calls for utmost good faith in its compliance on part of county court. Code 1931, 13-1-4(e). Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇦ 178

### 3. Validity of voting requirements

Any departure from strict majority rule gives disproportionate power to minority, but state constitutional and statutory requirement that 60% of voters in referendum election approve bonded indebtedness or tax increase by political subdivision did not violate equal protection clause merely because votes of those who favored issuance of bonds would have proportionately smaller impact on outcome of election than votes of those who opposed issuance of bonds. U.S.C.A.Const.Amend. 14; Const.Ind.

art. 10, § 5; Const.Ohio art. 8, § 3; Vernon's Ann.Tex.St.Const. art. 3, § 49; W.S.A.Const. art. 8, § 4. Gordon v. Lance, 1971, 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Constitutional Law ⇦ 232(2)

A provision requiring unanimity or giving veto power to a very small group might or might not be constitutional, but West Virginia Constitution and statutory provisions, applicable to all bond referenda and requiring strong consensus of three-fifths before indebtedness would be authorized, did not violate equal protection clause or any other provision of Constitution. U.S.C.A.Const. Amend. 14; Const.Ind. art. 10, § 5; Const.Ohio art. 8, § 3; Vernon's Ann.Tex.St.Const. art. 3, § 49; W.S.A.Const. art. 8, § 4. Gordon v. Lance, 1971, 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Constitutional Law ⇦ 232(2)

Three-fifths vote requirement of West Virginia Constitution and statutes dealing with elections held by political subdivisions of the state for determination of whether bond indebtedness should be incurred, and 60 percent vote requirement provided by West Virginia Constitution relating to elections to authorize local tax levying bodies to make additional levies for tax purposes in excess of levies provided for in Tax Limitation Amendment, conflict with and violate the Equal Protection Clause of United States Constitution and are therefore unconstitutional and unenforceable. Const. art. 10, §§ 1, 8; Code, §§ 11–8–16, 13–1–4, 13–1–14; U.S.C.A.Const. Amend. 14. Lance v. Board of Ed. of Roane County, 1969, 170 S.E.2d 783, 153 W.Va. 559, certiorari granted 90 S.Ct. 1264, 397 U.S. 1020, 25 L.Ed.2d 530, reversed 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Elections ⇦ 11

**4. Interest**

Special bond levy is set annually based upon current year's appraised values, as evidenced by statute requiring bond-issuing authority to pay annually interest on such debt and principal thereof falling due in each year, such tax to be levied and collected by same officers, at same time and in same manner as the general taxes of the political division. Code, 13–1–4, 13–1–20. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇦ 106

**5. Necessity for submission of proposal**

Statute providing that city council, when requested by petition signed by at least 20% of legal voters, shall direct that election be held to determine all questions connected with contracting of debt and issuing of bonds is mandatory; thus, upon petition signed by sufficient number of legal voters, city council had mandatory duty to call election to determine if city should contract debt and issue general obligation bonds for acquiring land and constructing municipal auditorium building even if federal money was no longer available. Code, 13–1–4. State ex rel. Elliott v. Adams, 1971, 181 S.E.2d 276, 155 W.Va. 110. Municipal Corporations ⇦ 918(1)

**6. Notice of election**

Where, within 7 days after entry of an order of county court submitting to voters a proposition to issue bonds to build a public road, and more than 30 days before the day appointed for election, the clerk posts in his office and at the front door of the courthouse copies of such order, considering the nature of the duty, there has been substantial compliance with the statute requiring copies of such order to be posted forthwith. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

Where the clerk of a bond issue election to construct a road, in his affidavit filed with the Attorney General, made a mistake as to the time of the posting of the notice of election, such mistake will not be regarded, on appeal from an order of approval by the Attorney General of the bond authorized, especially where the error is corrected by a minute affidavit filed on appeal. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

**7. Contents of election order**

School board was not required by statute to include proposed maturity schedule for original bonds in its election order. Code, 13–1–4. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇦ 97(4)

Statute requiring valuation of taxable property, as shown by last assessment thereof for state and county purposes, to be placed in an election order concerning bond approval was designed to give information to voters as to value of property on which levy rates for liquidation of bonds and their interest would be based. Code, 13–1–4(d). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇦ 97(4)

Where original bond issue was to be liquidated by funds obtained through a special property tax levy which voters approved at bond authorization election, it was necessary that voters be given some approximation of the amount of increased rate of taxation arising from the special levy. Code, 13–1–4(d). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇦ 97(4)

School board was not strictly bound to follow maturity schedule set out in election order regarding bonds as long as projected plan remained within limits set by voters. Code, 13–1–4. Board of Educ. of Hancock County v.

Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(9)

Action of common council in placing money received from sale of real estate and donations in general fund was not beyond authority of council, and order submitting question of approval of proposed bond issue for purchase of realty and construction of fire hall to voters was not objectionable because order did not expressly state that revenue of city for fiscal year, after excluding named items, would be sufficient to include its necessary operating expense and to provide for its bonded indebtedness. Code, 13-1-4, 13-1-26. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇐ 886

Municipal bond issue proposal submitted to voters by common council, was not required to contain statement that city would be provided with sufficient revenue to pay its costs and keep aggregate levies within legal limits, including those authorized to satisfy bonded indebtedness authorized by election order. Code, 13-1-4, 13-1-26. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇐ 918(2)

Under statute requiring that an order submitting approval of bond issues to vote of people state approximate rate of levy necessary to meet sinking fund requirements, such rate of levy must be substantially complied with. Code, 13-1-4. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇐ 918(5)

Where purpose of county court, when it submitted bond issue to voters, was to establish, acquire and construct an airport, but one project or purpose was contemplated, and statute providing that where a bond issue is to be used for more than one purpose the order submitting question to voters shall contain statement of amount to be used for each of purposes specified had no application. Code 1931, 13-1-6. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇐ 178

**8. Departures from provisions of election order**

Where voters of city approved bond issue at specific rate of levy, subsequent ordinance passed by common council stating that rate of levy could be exceeded when necessary was invalid and ordinance did not invalidate bond issue. Code, 13-1-4. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇐ 918(5)

**9. Absentee ballots**

Where absentee ballots under consideration were not challenged though subject to challenge, there was no showing of fraud in connection with preparation of ballots or that any voters were not qualified to cast absentee ballots, nor showing that election was not fair, and purpose of absentee voter's signature on declaration, to allow comparison of the voter's signature on ballot with his signature on poll book, was served by absentee voter's signed application for ballot, failure of circuit court clerk to provide for each absentee voter a return envelope bearing a printed declaration, and failure of voter to sign such declaration, did not render absentee ballots cast in school board levy election invalid. Acts 1963, c. 64, art. 3, § 6; Acts 1970, c. 28, art. 3, § 3; Const. art. 4, § 1. State ex rel. Heavener v. Perry, 1971, 184 S.E.2d 136, 155 W.Va. 353. Schools ⇐ 103(2)

**10. Judicial powers and duties**

Under statutory proceeding for review of Attorney General's approval or disapproval of bond issues, court generally will not undertake supervision of expenditure of funds to be procured as result of bond issue. Code, 13-1-4. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇐ 917(2)

Upon reversal by Supreme Court of Appeals of Acting Attorney General's approval of bond issue on ground that election was invalid because of defect in county court order submitting bond issue to voters, issues in equity suit seeking to contest election and enjoin issuance and sale of bonds became "moot". Code 1931, 13-1-4(e), 13-1-25, 13-1-26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Action ⇐ 6

**11. Court ordered submission to electorate**

Where county court in submitting proposed bond issue to voters declared that county had no indebtedness, bonded or otherwise, except current obligations, overdraft in the county fund representing moneys spent in years prior to current fiscal year, which was an indebtedness illegally created, was not a "current expense", and statement was incorrect. Code 1931, 13-1-4(e); Acts 1933, 2d Ex.Sess., c. 67, § 26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇐ 178

Where order of the county court in calling special election to pass upon bond issue did not correctly state financial status of county as required by statute, election was void notwithstanding that had status been correctly presented it would have appeared in a light more favorable to county than that incorrectly stated in court's order. Code 1931, 13-1-4(e). Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇐ 178

An order of a county court submitting to the voters a proposition to issue bonds to build a road embodied therein the petition filed by the requisite number of voters and also the report of the road engineer thereon. The petition describes the proposed road as, "Beginning at or

near mouth of Hurricane, at hard road from Spencer, Walton to Clendenin, thence the most economical and practical route to intersect the state road from Clay, W.Va., to Spencer, W.Va.," and the report of the engineer designates the road as running from "Hurricane to Newton," and gives the length in miles thereof. There was no such uncertainty in the order of submission as to the location of the proposed road as to render the order of submission, or the election held thereunder, void, or to justify this court in nullifying the approval by the attorney general of the bonds authorized for the construction of the road. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

**12. Contesting election**

A holding by the Supreme Court of Appeals that action of Acting Attorney General in sustaining county bond issue on papers submitted to him should be upheld would not oust circuit court of county of its jurisdiction to finally hear and determine suit to contest election and enjoin issuance and sale of such bonds. Code 1931, 13–1–4, 13–1–25 to 13–1–27. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Courts ⇦ 107

**13. Approval of illegal bond proposal**

The 1939 act, giving effect to 1932 tax limitation constitutional amendment, prohibited county's creation of bonded indebtedness exceeding amount of principal and interest payable annually during existence of debt from funds made available for such purpose by maximum tax rates levied annually on specified classes of property, and hence invalidated county's proposed airport bond issue in amount exceeding such limit, though approved by required three-fifths majority of county's qualified voters. Acts 1939, c. 132, and § 6b; Const. art. 10, § 1. State ex rel. Mercer County Court v. Partlow, 1947, 45 S.E.2d 506, 130 W.Va. 777, 175 A.L.R. 813. Counties ⇦ 149

County voters' approval of issuance of airport bonds in amount of $1,100,000, which exceeded county's constitutional and statutory debt limitation, did not authorize issuance of proposed bonds in legal amount of $600,000, though election ballots mentioned bonds to such larger amount, such phraseology meaning same as bonds in such amount. Acts 1939, c. 132, and § 6b; Const. art. 10, § 1. State ex rel. Mercer County Court v. Partlow, 1947, 45 S.E.2d 506, 130 W.Va. 777, 175 A.L.R. 813. Counties ⇦ 178

**14. Mandamus**

Petitioners who, by petition designated as one under city charter, sought submission of bond issue question to election were not entitled to mandamus to compel submission in accordance with initiative provision of general state law. Code, 13–1–1 et seq., 13–1–4. State ex rel. Horne v. Adams, 1970, 175 S.E.2d 193, 154 W.Va. 269. Mandamus ⇦ 74(2)

City of Wheeling will not be compelled by mandamus to call election on issuance of bonds for constructing bridge under ordinances not complying with statute (Acts 1923, c. 14; Charter of City of Wheeling, §§ 31, 83, 84). State v. Steen, 1928, 145 S.E. 602, 106 W.Va. 325. Mandamus ⇦ 74(2)

## § 13–1–5. Engineer's estimate

Before ordering an election on the question of issuing bonds to construct a county-district road or bridge, whether acting on its own motion or on petition, the county court shall instruct the county road engineer, or some other engineer designated by it for the purpose, to make an investigation and furnish to the court an estimate of the probable cost of the proposed improvement.

Acts 1923, c. 14, § 5.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

### Library References

**Key Numbers**
Counties ⇦177.
Westlaw Key Number Search: 104k177.

**Encyclopedias**
C.J.S. Counties § 221.

## § 13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined

The order or ordinance submitting the proposition of issuing bonds to a vote may specify more than one purpose for which bonds are to be issued: Provided, That the amount of the proceeds of the issue to be used for each purpose shall also be specified therein: Provided further, That all expenditures, including but not limited to expenditures for the acquisition of sites, the construction, erection, equipping and furnishing of one or more buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, and the relocation, alteration, renovation or enlargement of any existing buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, for the same general purpose shall be construed to be a single purpose within the meaning of this section. It shall not be necessary to specify in the order or ordinance submitting the proposition the amount of the proceeds of such bond issue to be used for each such site, building, structure, improvement or facility, or group of buildings, structures, improvements or facilities, which are a part of the same general purpose and it shall be sufficient compliance with this section if such order or ordinance state only the general purposes for which bonds are to be issued and the amount of the proceeds of such issue to be used for each such general purpose.

Acts 1923, c. 14, § 6; Acts 1965, c. 125.

### Library References

**Key Numbers**

Counties ⇐178.
Municipal Corporations ⇐918(2).
Schools ⇐97(4).
Westlaw Key Number Searches: 104k178; 268k918(2); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1666 to 1669.
C.J.S. Schools and School Districts §§ 532 to 545.

### Notes of Decisions

**In general 1**

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**1. In general**

Where ordinance submitting to vote of the people a proposed bond issue embraces several projects and, as required by statute, specifies the amount for each project, a substantial variance between the amounts stated in ordinance and those set forth in ballot will render the issue invalid. Code, 13-1-6. Jarrell v. Board of Ed. of Raleigh County, 1948, 50 S.E.2d 442, 131 W.Va. 702. Municipal Corporations ⇐ 918(2)

Where purpose of county court, when it submitted bond issue to voters, was to establish, acquire and construct an airport, but one project or purpose was contemplated, and statute providing that where a bond issue is to be used for more than one purpose the order submitting question to voters shall contain statement of amount to be used for each of purposes specified had no application. Code 1931, 13-1-6. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇐ 178

A city bond issue for different projects cannot be sustained unless ordinance submitting proposed issue to vote of people clearly specifies amounts to be used for the several projects, respectively. Code 1931, 13-1-6. State ex rel. Davenport v. Meadows, 1938, 199 S.E. 883, 120 W.Va. 602. Municipal Corporations ⇐ 918(2)

In submitting to vote of people a proposed municipal bond issue embracing several projects, amounts specified in ordinance for respective projects should also be set forth in ballot, and a substantial variance will invalidate the issue. Code 1931, 13-1-6. State ex rel. Davenport v. Meadows, 1938, 199 S.E. 883, 120 W.Va. 602. Municipal Corporations ⇐ 918(2)

Where ordinance submitting a municipal bond issue for people's approval proposed in effect that approximately 55 per centum of cost of each of three municipal projects, to be financed in part by federal grant, should be paid

Note 1

for out of proceeds of sale of bonds, but form of ballot used at election provided for expenditure of larger sums on two of projects, there was failure of substantial compliance with statute requiring specification in ordinance of amounts to be used for each project, and bonds were improperly approved by Attorney General. Code 1931, 13–1–6. State ex rel. Davenport v. Meadows, 1938, 199 S.E. 883, 120 W.Va. 602. Municipal Corporations ⇦ 918(2)

## § 13–1–6a. When proceeds of bond issue specified for one project may be used for another project

If the order or ordinance submitting the proposition of issuing bonds to a vote specifies several projects within the same general purpose and the amount of the proceeds of such issue to be used for each project and for any reason one or more of said projects cannot be constructed, carried out, or completed, the amount of money specified for such projects and any sums remaining unused upon completion of any one of the specified projects may be allocated by the governing body in its discretion to and expended for any one or more of the remaining projects specified in said order or ordinance if said order or ordinance of submission shall contain a provision authorizing it to do so.

Acts 1965, c. 126.

### Library References

**Key Numbers**

Counties ⇦178.
Municipal Corporations ⇦918(2).
Schools ⇦97(4).
Westlaw Key Number Searches: 104k178; 268k918(2); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1666 to 1669.
C.J.S. Schools and School Districts §§ 532 to 545.

## § 13–1–7. When election to be held

Elections for the purpose of voting upon questions of issuing bonds may be held at any general, primary, or special election which the fiscal body in its order submitting the same to a vote may designate, except that, when a petition is filed asking that bonds be issued, the fiscal body with which the same is filed, if it be not designated in the petition that the election shall be held at a general or primary election, shall order a special election to be held within sixty days from the date of the filing of such petition; or, if it be a petition for bonds for the construction of county-district roads or bridges thereon, the election shall be held within sixty days from the filing of the engineer's report as provided for in section five of this article.

Acts 1923, c. 14, § 7.

### Library References

**Key Numbers**

Counties ⇦178.
Municipal Corporations ⇦918(4).
Schools ⇦97(4).
Westlaw Key Number Searches: 104k178; 268k918(4); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1671, 1673.
C.J.S. Schools and School Districts §§ 532 to 545.

## § 13-1-8. Publication of notice of election

Notice of all bond elections shall be given by publication, within fourteen consecutive days next preceding the date of the election, of the order provided for in section four of this article as a Class II-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this Code, and the publication area for such publication shall be the political division in which the election is to be held.

Acts 1923, c. 14, § 8; Acts 1967, c. 105.

### Library References

**Key Numbers**

Counties ⇦178.
Municipal Corporations ⇦918(3).
Schools ⇦97(4).
Westlaw Key Number Searches: 104k178; 268k918(3); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1665, 1670.
C.J.S. Schools and School Districts §§ 532 to 545.

### Notes of Decisions

**In general 1**

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**1. In general**

An order of a county court submitting to the voters a proposition to issue bonds to build a road embodied therein the petition filed by the requisite number of voters and also the report of the road engineer thereon. The petition describes the proposed road as, "Beginning at or near mouth of Hurricane, at hard road from Spencer, Walton to Clendenin, thence the most economical and practical route to intersect the state road from Clay, W.Va., to Spencer, W.Va.," and the report of the engineer designates the road as running from "Hurricane to Newton," and gives the length in miles thereof. There was no such uncertainty in the order of submission as to the location of the proposed road as to render the order of submission, or the election held thereunder, void, or to justify this court in nullifying the approval by the attorney general of the bonds authorized for the construction of the road. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

Where, within 7 days after entry of an order of county court submitting to voters a proposition to issue bonds to build a public road, and more than 30 days before the day appointed for election, the clerk posts in his office and at the front door of the courthouse copies of such order, considering the nature of the duty, there has been substantial compliance with the statute requiring copies of such order to be posted forthwith. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

Where the clerk of a bond issue election to construct a road, in his affidavit filed with the Attorney General, made a mistake as to the time of the posting of the notice of election, such mistake will not be regarded, on appeal from an order of approval by the Attorney General of the bond authorized, especially where the error is corrected by a minute affidavit filed on appeal. Vineyard v. Roane County Court, 1922, 114 S.E. 380, 92 W.Va. 51. Highways ⇦ 90

Section 56aXXVa, chapter 43, serial section 1793, Code 1913, providing for the posting and publishing thirty days before the poll is taken, orders of the county court providing for the holding of elections for the purpose of taking the vote of the legal voters upon the question of issuing bonds the proceeds of which are to be used in permanently improving the public roads, considered in the light of a subsequent amendment of said act, and with reference to the decisions of this court interpreting other statutes on the subject of notice, is satisfied by the publication of such order once a week for four consecutive weeks, and the contract of the county court for the publication of such order for thirty consecutive days or oftener than once a week for four consecutive weeks, is illegal and void, and payment of a greater sum than the legal rate for four insertions of such publication should be enjoined. Stanley v. Kanawha County Court, 1919, 100 S.E. 408, 84 W.Va. 619. Counties ⇦ 178

## § 13-1-9. Registration of voters

The registration of voters and the use of registration books prescribed by general law shall be applicable to any election under this chapter.

Acts 1923, c. 14, § 9.

### Cross References

Permanent voter registration law, uniform system of voter registration, see § 3-2-1.

## § 13-1-10. Election precincts

Elections for bond issues for counties, districts and school districts shall be held at the voting precincts established for holding general elections; for municipalities, at the precincts established for the election of municipal officers; and for independent school districts, at the precincts used for voting for boards of education.

Acts 1923, c. 14, § 10.

### Library References

**Key Numbers**

Counties ⇐178.
Municipal Corporations ⇐918(4).
Schools ⇐97(4).
Westlaw Key Number Searches: 104k178; 268k918(4); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1671, 1673.
C.J.S. Schools and School Districts §§ 532 to 545.

## § 13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks

All the provisions of the general election laws of this State concerning general, primary or special elections, when not in conflict with the provisions of this article, shall apply to bond elections hereunder, insofar as practicable: Provided, That in bond elections for municipalities, school or independent school districts, the recorders and secretaries, respectively, shall procure and furnish to the election commissioners at each voting precinct the ballots, pollbooks, tally sheets and other things necessary for conducting the election, and perform all duties imposed by law upon clerks of the circuit courts in relation to general elections.

Acts 1923, c. 14, § 11.

### Library References

**Key Numbers**

Counties ⇐178.
Municipal Corporations ⇐918(4).
Schools ⇐97(4).
Westlaw Key Number Searches: 104k178; 268k918(4); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1671, 1673.
C.J.S. Schools and School Districts §§ 532 to 545.

### Notes of Decisions

Absentee voters 1
Canvassing election results 2
Mandamus 3

**1. Absentee voters**

Where absentee ballots under consideration were not challenged though subject to challenge, there was no showing of fraud in connection with preparation of ballots or that any voters were not qualified to cast absentee ballots, nor showing that election was not fair, and purpose of absentee voter's signature on declaration, to allow comparison of the voter's signature on ballot with his signature on poll book, was served by absentee voter's signed application for ballot, failure of circuit court clerk to provide for each absentee voter a return envelope bearing a printed declaration, and failure of voter to sign such declaration, did not render absentee ballots cast in school board levy election invalid. Acts 1963, c. 64, art. 3, § 6; Acts 1970, c. 28, art. 3, § 3; Const. art. 4, § 1. State ex rel. Heavener v. Perry, 1971, 184 S.E.2d 136, 155 W.Va. 353. Schools ⇦ 103(2)

**2. Canvassing election results**

In absence of any conflicting special statute, County Court, as board of canvassers, is vested with power and authority to recount ballots cast at special bond election in county and is proper governmental instrumentality to conduct such recount. Code 3-5-33, 13-1-11, 13-1-13. State ex rel. Bumgarner v. County Court of Wirt County, 1962, 125 S.E.2d 883, 147 W.Va. 52. Counties ⇦ 178

**3. Mandamus**

Board of education would be compelled by mandamus to appoint election officials belonging to the two dominant political parties for special election to authorize additional levies for school purposes, rather than employees of the board and those closely related to school teachers or others employed by the board, since election laws require that elections be conducted by representatives of well recognized organizations, which disagree on the major issue before the electorate. Code 1931, 13-1-11. Mingo County Taxpayers Ass'n v. Board of Ed. of Mingo County, 1940, 7 S.E.2d 656, 122 W.Va. 109. Mandamus ⇦ 74(1)

## § 13-1-12. Form of ballot

The ballots to be used at elections under this article shall be in substantially the following form:

Shall ..... (name of political division) incur debt and issue bonds to the amount of $....., to run not more than ..... years from the date thereof, with interest not exceeding the rate of ... percent per annum, for the purpose of ....., and levy taxes sufficient to pay the interest on and the principal of such bonds.

☐ Yes.
☐ No.

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

To vote against it, place a similar mark before the word "No."

Acts 1923, c. 14, § 12.

### Library References

**Key Numbers**

Counties ⇦178.
Municipal Corporations ⇦918(4).
Schools ⇦97(4).
Westlaw Key Number Searches: 104k178; 268k918(4); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1671, 1673.
C.J.S. Schools and School Districts §§ 532 to 545.

### Notes of Decisions

In general 1

#### 1. In general

Failure to use the form of ballot prescribed in section 12, c. 14, Acts 1923, in an election held by a municipality upon the question of issuance of municipal bonds for street improvement, to be paid for in whole or in part by assessment against abutting property, does not render the election invalid. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⇦ 918(2)

If the form of ballot to be used in municipal bond elections be not prescribed by statute, a ballot which will clearly indicate the intention of the voter on the proposition submitted will suffice. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⇦ 918(2)

Form of ballot held not to render bond election invalid. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⇦ 918(4)

Ballot for bond elections indicating intention of voter sufficient. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⇦ 918(4)

## § 13-1-13. Time and manner of canvassing returns

The authorities calling bond elections shall canvass the returns at the same time with reference to the election and in the same manner as is required of county courts for general elections.

Acts 1923, c. 14, § 13.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

### Library References

**Key Numbers**

Counties ⇦178.
Municipal Corporations ⇦918(4).
Schools ⇦97(4).
Westlaw Key Number Searches: 104k178; 268k918(4); 345k97(4).

**Encyclopedias**

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1671, 1673.
C.J.S. Schools and School Districts §§ 532 to 545.

### Notes of Decisions

In general 1

#### 1. In general

In absence of any conflicting special statute, County Court, as board of canvassers, is vested with power and authority to recount ballots cast at special bond election in county and is proper governmental instrumentality to conduct such recount. Code 3-5-33, 13-1-11, 13-1-13. State ex rel. Bumgarner v. County Court of Wirt County, 1962, 125 S.E.2d 883, 147 W.Va. 52. Counties ⇦ 178

In appraisement of votes cast at an election, it is unnecessary to isolate votes by challenge or otherwise, where, by proper and direct mathematical calculations, it can be ascertained by canvassing board, either on the canvass or the recount, how a certain number of illegal ballots in a precinct have been cast. Park v. Landfried, 1951, 63 S.E.2d 586, 135 W.Va. 361. Elections ⇦ 259

Members of county court, sitting as a board of canvassers, and on the recount, had right to and should have examined both applications of absentee voters and registration lists for purpose of determining whether absentee voters had made application for absentee ballots prior to 10 days preceding election, whether any voters were under age, as determined by their registration cards, whether any voters had not registered, and whether any voters had failed to register prior to 30 days preceding election. Code, 3-6-6, 3-6-8, 3-6-9, 3-6-10; Acts 1943, c. 50, art. 2, § 26. Park v. Landfried, 1951, 63 S.E.2d 586, 135 W.Va. 361. Elections ⇦ 259

## § 13-1-14. Resolution authorizing issuance and fixing terms of bonds

If three fifths of all the votes cast for and against the proposition to incur debt and issue negotiable bonds shall be in favor of the same, the governing body of

the political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount stated in the proposition; fix the date thereof; set forth the denominations in which they shall be issued, which denominations shall be one hundred dollars or multiples thereof; determine the rate or rates of interest which the bonds shall bear, which rate or rates of interest shall be within the maximum rate stated in the proposition submitted to vote and payable semiannually; prescribe the medium with which the bonds shall be payable; require that the bonds shall be made payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds shall be subject to redemption prior to the maturity thereof and, if so, the terms of the redemption; and prescribe a form for executing the bonds authorized.

Acts 1923, c. 14, § 14; Acts 1970, c. 9; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1990, 3rd Ex. Sess., c. 5; Acts 1994, c. 13; Acts 1998, c. 320, eff. March 14, 1998.

## Library References

**Key Numbers**

Counties ⇦183.
Municipal Corporations ⇦928.
Schools ⇦97(6).
Westlaw Key Number Searches: 104k183; 268k928; 345k97(6).

**Encyclopedias**

C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1699.
C.J.S. Schools and School Districts § 551.

## Notes of Decisions

**Construction with other provisions 1**
**Partial bond issuance 3**
**Right to vote 2**

### 1. Construction with other provisions

Any departure from strict majority rule gives disproportionate power to minority, but state constitutional and statutory requirement that 60% of voters in referendum election approve bonded indebtedness or tax increase by political subdivision did not violate equal protection clause merely because votes of those who favored issuance of bonds would have proportionately smaller impact on outcome of election than votes of those who opposed issuance of bonds. U.S.C.A.Const.Amend. 14; Const.Ind. art. 10, § 5; Const.Ohio art. 8, § 3; Vernon's Ann.Tex.St.Const. art. 3, § 49; W.S.A.Const. art. 8, § 4. Gordon v. Lance, 1971, 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Constitutional Law ⇦ 232(2)

Three-fifths vote requirement of West Virginia Constitution and statutes dealing with elections held by political subdivisions of the state for determination of whether bond indebtedness should be incurred, and 60 percent vote requirement provided by West Virginia Constitution relating to elections to authorize local tax levying bodies to make additional levies for tax purposes in excess of levies provided for in Tax Limitation Amendment, conflict with and violate the Equal Protection Clause of United States Constitution and are therefore unconstitutional and unenforceable. Const. art. 10, §§ 1, 8; Code, §§ 11-8-16, 13-1-4, 13-1-14; U.S.C.A.Const. Amend. 14. Lance v. Board of Ed. of Roane County, 1969, 170 S.E.2d 783, 153 W.Va. 559, certiorari granted 90 S.Ct. 1264, 397 U.S. 1020, 25 L.Ed.2d 530, reversed 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Elections ⇦ 11

### 2. Right to vote

An individual may not be denied access to ballot because of some extraneous condition such as race, wealth, tax status or military status. U.S.C.A.Const. Amend. 14. Gordon v. Lance, 1971, 91 S.Ct. 1889, 403 U.S. 1, 29 L.Ed.2d 273, 59 O.O.2d 96. Elections ⇦ 11

### 3. Partial bond issuance

Under statute relating to an original bond issue, the legislature intended that a bond-issuing authority could issue less than the total

amount of bonds authorized at the election, if under all circumstances the projects authorized by the voters can still be completed. Code, 13–1–14. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(6)

School board's plan to issue only a part of remaining unissued original bonds, as part of its financing plan involving refunding bonds, was proper, where under refunding bond plan voters were obtaining school improvements they initially authorized without necessity of issuing entire amount of original bonds. Code, 13–1–14. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(6)

## § 13–1–15. Bonds to be payable in annual installments

Such bonds shall be made payable in annual installments beginning not more than two years after the date thereof, and the amount payable in each year may be so fixed that, when the annual interest is added to the principal amount to be paid, the total amount payable in each year in which part of the principal is payable shall be as nearly equal as practicable. It shall be an immaterial variance if the difference between the largest and smallest amounts of principal and interest payable annually during the term of the bonds shall not exceed three percent of the total authorized issue. Or, such bonds may be payable in annual installments beginning not more than two years after the date thereof, each installment being as nearly equal in principal amount as may be practicable.

Acts 1923, c. 14, § 14.

### Library References

**Key Numbers**
Counties ⇐187.
Municipal Corporations ⇐953.
Schools ⇐97(9).
Westlaw Key Number Searches: 104k187; 268k953; 345k97(9).

**Encyclopedias**
C.J.S. Counties § 226.
C.J.S. Municipal Corporations § 1706.
C.J.S. Schools and School Districts § 555.

## § 13–1–15a. Bonds may be subject to redemption

All or a portion of such bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and prices and on such terms as shall be designated in the resolution required by section fourteen of this article. The body issuing the bonds may not levy taxes in connection with the redemption of any bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such bonds in such year.

Acts 1994, c. 13.

### Library References

**Key Numbers**
Counties ⇐187.
Municipal Corporations ⇐951.
Schools ⇐97(9).
Westlaw Key Number Searches: 104k187; 268k951; 345k97(9).

**Encyclopedias**
C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1704 to 1705.
C.J.S. Schools and School Districts § 555.

## § 13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement

The resolution authorizing the bonds provided for in section fourteen of this article may direct that they shall contain the following recital:

"It is certified that this bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

Such recital, when such bonds shall have been indorsed by the attorney general as provided in section twenty-eight of this article, shall be deemed an authorized declaration by the governing body of the political division and to import that there is constitutional and statutory authority for incurring the debts and issuing the bonds; that all the proceedings therefor are regular; that all the acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds, have existed, happened and been performed in due time, form and manner as required by law; that the amount of the bond and the issue of which it forms a part, together with all other indebtedness, does not exceed any limit or limits prescribed by the Constitution or statutes of this State; and that all questions connected with incurring the debt and issuing the bonds have been first submitted to a vote of the people and have received three fifths of all the votes cast for and against the same at an election regularly called and held for the purpose after notice published and posted in the manner required by law. If any bond be issued containing the said recital, and also containing the indorsement of the attorney general as aforesaid, it shall be conclusively presumed that said recital, construed according to the import hereby declared, is true, and neither the political division nor any taxpayer thereof shall be permitted to question the validity or regularity of the obligation in any court or in any action or proceeding.

Acts 1923, c. 14, § 15.

### Library References

**Key Numbers**

Counties ⇐183(2).
Municipal Corporations ⇐924.
Schools ⇐97(6).
Westlaw Key Number Searches: 104k183(2); 268k924; 345k97(6).

**Encyclopedias**

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1686 to 1688.
C.J.S. Schools and School Districts § 551.

## § 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal

The bonds issued hereunder may be registered or coupon bonds. Coupon bonds may be registered as to the principal in the owner's name by the state treasurer on books which shall be kept at its office for the purpose and the registration shall also be noted on the bonds, after which no transfer shall be valid unless made by the state treasurer on the books of registration and similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery; but may again, and from time to time, be

registered as to the principal amount as before. The registration of coupon bonds as to the principal sum shall not affect the negotiability of the interest coupons, but title to the same shall pass by delivery.

Acts 1923, c. 14, § 16; Acts 1990, 3rd Ex. Sess., c. 5; Acts 1998, c. 320, eff. March 14, 1998.

### Library References

**Key Numbers**

Counties ⇐185.
Municipal Corporations ⇐936.
Schools ⇐97(6).
Westlaw Key Number Searches: 104k185; 268k936; 345k97(6).

**Encyclopedias**

C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1700.
C.J.S. Schools and School Districts § 551.

### Notes of Decisions

**Bond registration 1**
**Mandamus 2**

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**1. Bond registration**

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

**2. 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

## § 13–1–18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond

Coupon bonds may also be registered as to the interest by the holder surrendering the bonds with the unpaid coupons attached, which bonds and coupons shall be canceled by the state treasurer. New bonds of the same date and tenor and for the same amounts as the bonds surrendered, or, at the option of the holder, a single bond for the aggregate amount of the bonds surrendered, but without interest coupons attached, shall be issued in the place of the coupon bonds and registered in the manner required in the preceding section. A registered bond may at any time be surrendered and be exchanged by the holder for a coupon bond by the holder delivering the registered bond to the state treasurer who shall cancel the same and who shall cause a new bond of the same date and tenor and for the same amount to be issued, and with interest coupons for the interest thereafter to accrue thereon attached, and deliver the same to the holder of the surrendered bond. The governing body of the county, municipal corporation or school district which issued the original bond shall issue and execute the new bond required by this section and shall pass the resolutions and ordinances necessary to authorize the same. The expense of such registration shall in all cases be paid by the holder of the bonds.

Acts 1923, c. 14, § 17; Acts 1990, 3rd Ex. Sess., c. 5; Acts 1998, c. 320, eff. March 14, 1998.

### Library References

**Key Numbers**
Counties ⇐185.
Municipal Corporations ⇐936.
Schools ⇐97(6).
Westlaw Key Number Searches: 104k185; 268k936; 345k97(6).

**Encyclopedias**
C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1700.
C.J.S. Schools and School Districts § 551.

## § 13-1-19. Signing, sealing and delivery of bonds and coupons

All bonds issued under this article by any county shall be signed by the president of the county court and countersigned by the clerk of such court; bonds issued by any municipality shall be signed by the mayor or other chief executive and countersigned by the clerk, recorder or secretary; bonds issued by a district or independent school district shall be signed by the president of the board of education and countersigned by the secretary thereof. The seal of the political division shall be affixed to such bonds. Interest coupons shall be signed by the facsimile signatures of such officers. The delivery of any bonds or coupons so executed at any time thereafter shall be valid, although before the date of delivery the person signing such bonds or coupons shall have ceased to hold office.

Acts 1923, c. 14, § 18.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

### Library References

**Key Numbers**
Counties ⇐183(1).
Municipal Corporations ⇐927.
Schools ⇐97(6).
Westlaw Key Number Searches: 104k183(1); 268k927; 345k97(6).

**Encyclopedias**
C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1699.
C.J.S. Schools and School Districts § 551.

### Notes of Decisions

**In general 1**

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**1. In general**

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)

## § 13-1-20. Imposition and collection of tax to pay bonds and interest

It shall be the duty of the governing body of any political division, at or before the time of issuing bonds under this article, to provide for the imposition and collection annually of a tax, in excess of all other taxes, on all property subject to taxation by the political division under the Constitution and laws of this State, sufficient in amount to pay annually the interest on such debt and the principal thereof falling due in each year, such tax to be levied and collected by the same officers, at the same time and in the same manner as the general taxes of the political division. Should any political division neglect or

fail for any reason to impose or collect such tax for the payment of the principal or interest of any bonded indebtedness incurred under this article, any person in interest or the state tax commissioner may enforce the imposition and collection thereof in any court having jurisdiction of the subject matter, and any suit, action or proceeding brought for such purpose shall be heard and disposed of with reasonable dispatch.

Acts 1923, c. 14, § 19.

### Library References

**Key Numbers**

Counties ⇐188.
Municipal Corporations ⇐955(1).
Schools ⇐97(10).
Westlaw Key Number Searches: 104k188; 268k955(1); 345k97(10).

**Encyclopedias**

C.J.S. Counties § 226.
C.J.S. Schools and School Districts § 556.

### Notes of Decisions

**Bond levy 1**

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**1. Bond levy**

Special bond levy is set annually based upon current year's appraised values, as evidenced by statute requiring bond-issuing authority to pay annually interest on such debt and principal thereof falling due in each year, such tax to be levied and collected by same officers, at same time and in same manner as the general taxes of the political division. Code, 13-1-4, 13-1-20. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 106

## § 13-1-21. Advertisement and sale of bonds

The governing body of the political division issuing such bonds shall sell the same and collect the proceeds, which proceeds shall be deposited with its treasurer. The governing body of the political division shall advertise such bonds for sale, on sealed bids, which advertisement shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the political division. The first publication shall be made at least fourteen days before the date fixed for the reception of bids. Such advertisement shall also be published in a financial paper published either in the city of New York or the city of Chicago, or in a newspaper published in a city of this state having a population of not less than twenty thousand inhabitants, according to the last federal census. The governing body may reject any and all bids. If the bonds be not sold pursuant to such advertisement, they may within one hundred twenty days after the date advertised for the reception of bids, be sold by the governing body at private sale, but no private sale shall be made at a price less than the highest bid which shall have been received. If not sold, such bonds shall be readvertised in the manner herein provided. In no event shall bonds be sold for less than their par value.

Acts 1923, c. 14, § 20; Acts 1967, c. 105; Acts 1981, 1st Ex. Sess., c. 2; Acts 1992, c. 29.

### Library References

**Key Numbers**

Counties ⇐182.
Municipal Corporations ⇐921.
Schools ⇐97(5).

Westlaw Key Number Searches: 104k182; 268k921; 345k97(5).

**Encyclopedias**

C.J.S. Counties § 225.

C.J.S. Municipal Corporations §§ 1679 to 1682.

C.J.S. Schools and School Districts §§ 546 to 548, 550, 554.

### Notes of Decisions

**Sale at discount 1**

**1. Sale at discount**

Discount sale of a refunding bond is not prohibited under the Refunding Bond Act. 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(5)

In the absence of some constitutional or statutory prohibition, right to sell bonds carries with it the right to sell at a discount. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇦ 84

## § 13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof

The proceeds derived from the sale of any bonds shall be used only for the purpose or purposes for which the bonds were issued as set out in the order or ordinance submitting the question to vote, but the purchaser of the bonds shall not be obliged to see to the application thereof.

Acts 1923, c. 14, § 21.

### Library References

**Key Numbers**

Counties ⇦182.

Municipal Corporations ⇦921(3).

Schools ⇦97(5).

Westlaw Key Number Searches: 104k182; 268k921(3); 345k97(5).

**Encyclopedias**

C.J.S. Counties § 225.

C.J.S. Municipal Corporations §§ 1683 to 1685, 1697 to 1698.

C.J.S. Schools and School Districts §§ 546 to 548, 550, 554.

### Notes of Decisions

**In general 1**

**1. In general**

Innocent purchaser of waterworks bonds had no duty to see to proper application of proceeds of bond sales, in absence of knowledge of any infirmity and facts showing actual bad faith. Code W.Va. 13-1-22. St. Paul Fire & Marine Ins. Co. v. Town of Monongah, W. Va., 1962, 209 F.Supp. 514. Municipal Corporations ⇦ 948(7)

## § 13-1-23. No law, order, ordinance, resolution, proceeding or publication necessary except as prescribed by this article

This article shall, without reference to any other act of the legislature, be full authority for the issuance and sale of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bond under this article shall be necessary, except such as are required by this article. No publication of any order, ordinance, resolution or proceeding relating to the issuance of such bonds shall be necessary except such as is required by this article. Any publication prescribed hereby may be made in any newspaper conforming to the terms of this article, without regard to designation thereof as the official journal of the political division.

Acts 1923, c. 14, § 22.

**Library References**

**Key Numbers**
Counties ⇦180.
Municipal Corporations ⇦917.
Schools ⇦97(4.5).
Westlaw Key Number Searches: 104k180; 268k917; 345k97(4.5).

**Encyclopedias**
C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1658 to 1660.
C.J.S. Schools and School Districts § 530.

## § 13-1-24. Legal status of bonds

Bonds issued under this article, except to the extent that their status shall be affected by registration made in pursuance of this article, shall have all the qualities of negotiable paper under the law merchant and shall not be invalid for any irregularity or defect in the proceedings for the issuance thereof, and shall be incontestable in the hands of bona fide purchasers or holders thereof for value.

Acts 1923, c. 14, § 23.

**Library References**

**Key Numbers**
Counties ⇦183(3).
Municipal Corporations ⇦948.
Schools ⇦97(8).
Westlaw Key Number Searches: 104k183(3); 268k948; 345k97(8).

**Encyclopedias**
C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1723.
C.J.S. Schools and School Districts § 553.

## § 13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval

The governing body of any political division issuing bonds under this article shall, as soon as practicable after the result of the election authorizing their issuance shall have been officially ascertained, transmit to the attorney general a duly certified copy of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and any other matters relative thereto which the attorney general may require. The attorney general shall thereupon either approve or disapprove the validity of such bond issue, and shall immediately notify the governing body of the political division which authorized the issuance of the bonds of his action by mail, and as soon as practicable notify the people of such political division of his approval or disapproval of such bond issue, by causing notice thereof to be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this Code, and the publication area for such publication shall be the political division.

Acts 1923, c. 14, § 24; Acts 1967, c. 105.

**Library References**

**Key Numbers**
Counties ⇦183(4).
Municipal Corporations ⇦917(2).
Schools ⇦97(4.5).

Westlaw Key Number Searches: 104k183(4); 268k917(2); 345k97(4.5).

**Encyclopedias**

C.J.S. Counties § 223.

C.J.S. Municipal Corporations §§ 1662 to 1663.

C.J.S. Schools and School Districts § 530.

## Notes of Decisions

**Determination by attorney general 2**
**Judicial review 3**
**Powers and duties of attorney general 1**

### 1. Powers and duties of attorney general

Where Attorney General had no power to pass on validity of an agreement between Board of Education and town affecting title to land to be purchased from proceeds of a bond issue, Supreme Court of Appeals in reviewing decision of Attorney General disapproving bond issue could not determine the validity of agreement but was confined to determining whether proper procedural steps were taken with respect to proposed bond issue. Code 13-1-25, 13-1-26. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Municipal Corporations ⇦ 917(2)

Power of Attorney General in approving or disapproving validity of a proposed bond issue was restricted to passing upon procedural steps taken by political subdivision and Attorney General had no power to pass on validity of a contract and agreement affecting title to land to be purchased from proceeds of bond issue. Code, 13-1-25. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Attorney General ⇦ 6

### 2. Determination by attorney general

Where record disclosed no actual defect in submission of bond issue to voters of town and ascertainment of result of election held pursuant to such submission and no irregularity was disclosed in proposed issuance of bonds, proposed bond issue would be held valid on review of Attorney General's decision disapproving bond issue without regard to proposed expenditure of funds to be raised from sale of bonds. Code, 13-1-25, 13-1-26. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Municipal Corporations ⇦ 917(2)

### 3. Judicial review

Under statutory proceeding for review of Attorney General's approval or disapproval of bond issues, court generally will not undertake supervision of expenditure of funds to be procured as result of bond issue. Code, 13-1-25. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Municipal Corporations ⇦ 917(2)

The statutes pertaining to county bond issues contemplate that when an Attorney General has ruled as to validity of bond issue, his action may be reviewed by Supreme Court of Appeals. Code 1931, 13-1-25, 13-1-26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇦ 183(4)

A holding by the Supreme Court of Appeals that action of Acting Attorney General in sustaining county bond issue on papers submitted to him should be upheld would not oust circuit court of county of its jurisdiction to finally hear and determine suit to contest election and enjoin issuance and sale of such bonds. Code 1931, 13-1-4, 13-1-25 to 13-1-27. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Courts ⇦ 107

Upon reversal by Supreme Court of Appeals of Acting Attorney General's approval of bond issue on ground that election was invalid because of defect in county court order submitting bond issue to voters, issues in equity suit seeking to contest election and enjoin issuance and sale of bonds became "moot". Code 1931, 13-1-4(e), 13-1-25, 13-1-26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Action ⇦ 6

## § 13-1-26. Review in supreme court of appeals of action of attorney general

For a period of ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue as provided in the preceding section, any person in interest, or any taxpayer within the political division for which the bonds are authorized to be issued, may present his or its petition to the supreme court of appeals or to a judge thereof in vacation, praying that the action of the attorney general in approving or disapproving such bond issue, as aforesaid, be reversed

or modified; and if the court, or such judge thereof in vacation, be of the opinion to hear and determine the matters in such petition set out, the case shall be proceeded with as in cases of original jurisdiction; but the petitioner shall file with the clerk of the court a bond, with security to be approved by him, and in such sum as the court or judge may fix, for the payment of such costs as may be awarded against him in said court. The clerk of the court shall forthwith notify the attorney general and the governing body of the political division which authorized the issuance of the bonds of the action taken by the court or judge in vacation upon such petition, and for the hearing thereof the attorney general shall file with the clerk of said court all papers, documents, evidence and records, or certified copies thereof, which were before him and on which he based his approval or disapproval; and before the day fixed for final hearing, he shall file with the clerk of said court a written statement of his reasons for the approval or disapproval of the bond issue. Upon the submission of the case, the court shall decide the matters in controversy and enter such order thereon as to it may seem to be just.

Acts 1923, c. 14, § 24.

## Library References

**Key Numbers**

Counties ⇦183(4).
Municipal Corporations ⇦917(2).
Schools ⇦97(4.5).
Westlaw Key Number Searches: 104k183(4); 268k917(2); 345k97(4.5).

**Encyclopedias**

C.J.S. Counties § 223.
C.J.S. Municipal Corporations §§ 1662 to 1663.
C.J.S. Schools and School Districts § 530.

## Notes of Decisions

**Adequacy of submission to voters 4**
**Construction and application 1**
**Declaratory relief 6**
**Effect of determination by supreme court 5**
**Mandamus 7**
**Petitions for review 2**
**Scope of judicial review 3**

### 1. Construction and application

The statutes pertaining to county bond issues contemplate that when an Attorney General has ruled as to validity of bond issue, his action may be reviewed by Supreme Court of Appeals. Code 1931, 13-1-25, 13-1-26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Counties ⇦ 183(4)

### 2. Petitions for review

In statutory proceeding to review action of Attorney General approving municipal bond issue, amended and supplemental petitions filed after expiration of ten days provided for appeal after last date of publication of Attorney General's notice approving or disapproving bond issue, would be considered as seasonable where defendant was not prejudiced. Code, 13-1-26. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇦ 917(2)

Where supplemental and amended petition seeking reversal of Attorney General's approval of bond issue by municipality did not add new parties to proceeding and alleged only occurrences since filing of original petition, not included in file forwarded to Attorney General upon which his approval was based, allegations did not go to the merits. Code, 13-1-26. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇦ 917(2)

### 3. Scope of judicial review

Where Attorney General had no power to pass on validity of an agreement between Board of Education and town affecting title to land to be purchased from proceeds of a bond issue, Supreme Court of Appeals in reviewing decision of Attorney General disapproving bond issue could not determine the validity of agreement but was confined to determining whether proper procedural steps were taken with respect to proposed bond issue. Code 13-1-25, 13-1-26. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Municipal Corporations ⇦ 917(2)

**4. Adequacy of submission to voters**

Where record disclosed no actual defect in submission of bond issue to voters of town and ascertainment of result of election held pursuant to such submission and no irregularity was disclosed in proposed issuance of bonds, proposed bond issue would be held valid on review of Attorney General's decision disapproving bond issue without regard to proposed expenditure of funds to be raised from sale of bonds. Code, 13-1-25, 13-1-26. State ex rel. Town of South Charleston v. Partlow, 1949, 55 S.E.2d 401, 133 W.Va. 139. Municipal Corporations ⇦ 917(2)

Municipal bond issue proposal submitted to voters by common council, was not required to contain statement that city would be provided with sufficient revenue to pay its costs and keep aggregate levies within legal limits, including those authorized to satisfy bonded indebtedness authorized by election order. Code, 13-1-4, 13-1-26. Baxa v. Partlow, 1949, 54 S.E.2d 825, 132 W.Va. 859. Municipal Corporations ⇦ 918(2)

A city bond issue for different projects cannot be sustained unless ordinance submitting proposed issue to vote of people clearly specifies amounts to be used for the several projects, respectively. Code 1931, 13-1-6. State ex rel. Davenport v. Meadows, 1938, 199 S.E. 883, 120 W.Va. 602. Municipal Corporations ⇦ 918(2)

Where ordinance submitting a municipal bond issue for people's approval proposed in effect that approximately 55 per centum of cost of each of three municipal projects, to be financed in part by federal grant, should be paid for out of proceeds of sale of bonds, but form of ballot used at election provided for expenditure of larger sums on two of projects, there was failure of substantial compliance with statute requiring specification in ordinance of amounts to be used for each project, and bonds were improperly approved by Attorney General. Code 1931, 13-1-6. State ex rel. Davenport v. Meadows, 1938, 199 S.E. 883, 120 W.Va. 602. Municipal Corporations ⇦ 918(2)

**5. Effect of determination by supreme court**

A holding by the Supreme Court of Appeals that action of Acting Attorney General in sustaining county bond issue on papers submitted to him should be upheld would not oust circuit court of county of its jurisdiction to finally hear and determine suit to contest election and enjoin issuance and sale of such bonds. Code 1931, 13-1-4, 13-1-25 to 13-1-27. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Courts ⇦ 107

Upon reversal by Supreme Court of Appeals of Acting Attorney General's approval of bond issue on ground that election was invalid because of defect in county court order submitting bond issue to voters, issues in equity suit seeking to contest election and enjoin issuance and sale of bonds became "moot". Code 1931, 13-1-4(e), 13-1-25, 13-1-26. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Action ⇦ 6

**6. Declaratory relief**

Where board of education conveyed land to town in consideration that town would deliver lease if land were conveyed to United States and reconveyed to town, and thereafter United States condemned land, and town made conditional offer to repurchase which was accepted, but town before spending money raised by bond issue to effect the repurchase sought to compel board to release town from leasing agreement or for declaratory relief, no "justiciable controversy" was presented and court was without jurisdiction to pronounce any decree except one of dismissal, notwithstanding doubt as to whether funds could be applied to purchase of land subject to leasing agreement. Acts 1941, c. 26; Code, 13-1-25, 26. Town of South Charleston v. Board of Ed. of Kanawha County, 1948, 50 S.E.2d 880, 132 W.Va. 77. Declaratory Judgment ⇦ 186

**7. Mandamus**

Under Acts 1917, c. 57, § 3, Code Supp.1918, c. 47a, § 7a III (section 2501c), the Supreme Court of Appeals may by mandamus or other original writ review and control the judgment of the attorney general in approving a proposed bond issue of the county court of Marshall county for building and improving certain roads of Cameron district therein, as his duties therein under Acts 1917, c. 66, Code Supp.1918, c. 43, §§ 1-82, 83-183 (sections 1940-1 to 1940-82, 1940-83 to 1940-183), making him legal adviser of state road commission created thereby and requiring him to prepare for it all contracts, etc., when required, are only supervisory and ministerial, without discretion to act unlawfully or arbitrarily. State ex rel. Allen v. England, 1920, 103 S.E. 400, 86 W.Va. 508. Mandamus ⇦ 103

## § 13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof

If no person in interest or taxpayer shall within ten days from and after the date of the last publication of the notice of the attorney general of his action in

approving or disapproving the validity of any bond issue, as provided in this article, present his or its petition to the supreme court of appeals or to a judge thereof in vacation praying that the action of the attorney general be reversed or modified, as hereinbefore provided, or if such petition be filed and the court or judge be of the opinion not to hear and determine the matters in such petition set out, the action of the attorney general shall be final and no other appeal shall be allowed therefrom; and the bond issue approved by him shall become incontestable and shall be a valid and binding obligation upon the authority issuing the same and upon the taxable property within the political division which authorized the bond issue by the vote of the people therein; and no one shall thereafter have the right to contest in any court or in any action or proceeding the legality of any election held under this article, the bond issue provided for, or the tax required to pay the same, for any cause whatsoever.

Acts 1923, c. 14, § 24.

### Library References

**Key Numbers**

Counties ⇐183(3).
Municipal Corporations ⇐948.
Schools ⇐97(8).
Westlaw Key Number Searches: 104k183(3); 268k948; 345k97(8).

**Encyclopedias**

C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1723.
C.J.S. Schools and School Districts § 553.

### Notes of Decisions

**In general 1**

**1. In general**

A holding by the Supreme Court of Appeals that action of Acting Attorney General in sustaining county bond issue on papers submitted to him should be upheld would not oust circuit court of county of its jurisdiction to finally hear and determine suit to contest election and enjoin issuance and sale of such bonds. Code 1931, 13–1–4, 13–1–25 to 13–1–27. Sessler v. Partlow, 1943, 27 S.E.2d 829, 126 W.Va. 232. Courts ⇐ 107

General obligation bonds issued by city of Grafton, proceeds of which were to be used by defraying a part of expenses of completing hospital owned by city, were valid, in view of manner in which election authorizing issuance of bonds was conducted, and that validity of bond issue was approved by attorney general and copy of his approval published in two newspapers of opposite politics and that no petition praying that attorney general's action be reversed was filed. Code 1931, 13–1–27. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⇐ 918(4)

## § 13–1–28. Indorsement on bonds by attorney general

After ten days shall have elapsed from and after the date of the last publication of the attorney general's notice provided for in section twenty-five of this article, if no proceeding be pending to have his approval of the bond issue reversed and modified, the attorney general shall indorse upon each and every bond of the issue so approved by him his certificate to the effect that such bond has been approved by him by virtue of the authority vested in him by this article; that notice of his approval was published as required by section twenty-five of this article; that ten days have elapsed since the date of the last publication of such notice; that there has been no appeal from his decision to the supreme court of appeals; and that the bond has become incontestable and is a binding obligation upon the authority issuing the same and upon the taxable property within the political division, and that the validity of such bond

shall not be contested thereafter in any court or in any action or proceeding for any cause whatsoever.

Acts 1923, c. 14, § 24.

**Library References**

**Key Numbers**
Counties ⇐183(2).
Municipal Corporations ⇐927.
Schools ⇐97(6).
Westlaw Key Number Searches: 104k183(2); 268k927; 345k97(6).

**Encyclopedias**
C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1699.
C.J.S. Schools and School Districts § 551.

## § 13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund

The cost of publishing the notice to taxpayers as herein provided, and the costs of certifying and copying all records, papers and proceedings to be used by the attorney general in passing upon the validity of the bond issue, and all necessary expense incurred by the attorney general in connection with any bond issue, shall be paid by the authority issuing such bonds out of the proceeds arising from the sale thereof, if the same be finally approved, and if the bond issue be disapproved, such expense shall be paid out of the general fund of such authority.

Acts 1923, c. 14, § 24.

## § 13-1-30. Files and records to be kept by attorney general

The attorney general shall keep on file in his office the papers pertaining to any bond issue submitted to him, and shall record his findings of approval or disapproval in a well bound book kept for that purpose in his office, which shall be open for inspection by anyone in interest during business hours.

Acts 1923, c. 14, § 24.

## § 13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred

Nothing contained in this article shall affect in any way proceedings heretofore begun by the governing body of any political division to issue bonds under the authority of any statutes of this State heretofore in force. Such proceedings may be completed under the statute under which the same were begun and under the provisions of this article so far as the same can be made applicable thereto. Nor shall anything contained in this article invalidate any indebtedness heretofore incurred under a law then existing.

Acts 1923, c. 14, § 25.

## § 13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article

Notwithstanding the provisions of section three of this article, when by a special act of the legislature any municipality or independent school district is authorized to become indebted for any purpose or purposes in a greater amount than is fixed by said section three, bonds may be issued under this article by such municipality or independent school district in an amount not exceeding that fixed by such special act. This article shall not affect any general or special law providing for the issuing of bonds for any improvement to be paid for in whole or in part by assessment against abutting property.

Acts 1923, c. 14, § 26.

### Library References

**Key Numbers**

Counties ⇨173.1.
Municipal Corporations ⇨914.
Schools ⇨97(3).
Westlaw Key Number Searches: 104k173.1; 268k914; 345k97(3).

**Encyclopedias**

C.J.S. Counties § 219.
C.J.S. Municipal Corporations §§ 1654, 1656 to 1657.
C.J.S. Schools and School Districts §§ 525 to 526.

## § 13-1-33. Bonds exempt from taxation

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder, or under the provisions of chapter eight of this Code, shall be exempt from all taxation by the State or by any political subdivision thereof.

### Library References

**Key Numbers**

Taxation ⇨218.
Westlaw Key Number Search: 371k218.

**Encyclopedias**

C.J.S. Taxation § 260.

### Notes of Decisions

**In general 1**

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**1. In general**

Bonds issued by the political subdivisions of this state, not exempted from taxation by law or by contract, are taxable by the state in the same manner as other property. State v. Page, 1925, 130 S.E. 426, 100 W.Va. 166, 44 A.L.R. 501.
Taxation ⇨ 190

## § 13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value

(a) Notwithstanding any other provision of this article or of any other law to the contrary, every school district, by and through its board of education, shall levy and collect in each year a direct annual tax on all taxable property in such school district sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such school district, now or hereafter contracted, not to exceed five percent of the value of the taxable property

therein to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

(b) The term "value" as used in this section and in section 8, article X of the Constitution, is used in the same context that the term "value" is used in section 1, article X of the Constitution, and means the "worth in money" of a piece of property—its market value for ad valorem property tax purposes.

Acts 1959, c. 132; Acts 1988, 3rd Ex. Sess., c. 7.

### Library References

**Key Numbers**
Schools ⇐97(9).
Westlaw Key Number Search: 345k97(9).

**Encyclopedias**
C.J.S. Schools and School Districts § 555.

### Notes of Decisions

**In general 1**

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**1. In general**

The better schools amendment of constitution related only to levies for public school purposes, and did not authorize an airport bond levy in excess of maximum limits authorized by tax limitation amendment to the constitution, and statute, to extent it undertook to confer additional levying power upon county courts was unconstitutional, and levies made by county court in pursuance thereof were invalid. Const. art. 10, § 10; Code, 13-1-35. Appalachian Power Co. v. County Court of Mercer County, 1961, 118 S.E.2d 531, 146 W.Va. 118. Counties ⇐ 190.2

## § 13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same

Notwithstanding any other provisions of this article or any other law to the contrary, every county, by and through its county court, either for or on behalf of the county, or for and on behalf of any magisterial district, or any group of magisterial districts therein, and any municipal corporation, by and through its council or other governing body in lieu thereof, shall levy and collect in each year a direct annual tax on all the taxable property in such county, magisterial district or districts, or municipality sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, now or hereafter contracted, not to exceed in the aggregate five percent of the value of the taxable property therein, to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by such counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

The order of the county court, either for or on behalf of the county or for and on behalf of any magisterial district, or any group of magisterial districts therein, or of any municipal corporation, by its council or other governing body in lieu thereof, hereafter adopted calling an election on the issuance of bonds of such county, magisterial district or districts, or municipality, as the case may be, which together with the existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, the value to be ascertained in accordance with section 8, article X of the Constitution, shall contain a statement in substantially the following form:

Such bonds, together with all existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable from a direct annual tax levied and collected in each year on all taxable property in such county, magisterial district or districts, or municipality, as the case may be, sufficient to pay the principal and interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution.

Acts 1959, c. 133.

*W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.*

## Library References

**Key Numbers**

Counties ⇐190.2.
Municipal Corporations ⇐964.
Westlaw Key Number Searches: 104k190.2; 268k964.

**Encyclopedias**

C.J.S. Counties § 227.
C.J.S. Municipal Corporations §§ 1745 to 1746.

## Notes of Decisions

**In general 1**

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**1. In general**

The better schools amendment of constitution related only to levies for public school purposes, and did not authorize an airport bond levy in excess of maximum limits authorized by tax limitation amendment to the constitution, and statute, to extent it undertook to confer additional levying power upon county courts was unconstitutional, and levies made by county court in pursuance thereof were invalid. Const. art. 10, § 10; Code, 13-1-35. Appalachian Power Co. v. County Court of Mercer County, 1961, 118 S.E.2d 531, 146 W.Va. 118. Counties ⇐ 190.2

*West's*

# Annotated Code of West Virginia

*Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended*

Chapters 12 to 15

2012
Cumulative Annual Pocket Part

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**Note 1**

Retirement System, State Troopers Retirement System, and the Teachers Retirement System, did not redeem a "previous liability of the State" within meaning of exception to constitutional ban on the State incurring debt, and thus issuance of the bonds violated debt clause of the State constitution; retirement funds were currently actuarially sound, and there was no present indebtedness resulting from the actual discharge of debt attributable to the funds. Perdue v. Wise, 2004, 607 S.E.2d 424, 216 W.Va. 318. States ⇐ 120

# CHAPTER 13

# PUBLIC BONDED INDEBTEDNESS


**Article** **Section**

1. BOND ISSUES FOR ORIGINAL INDEBTEDNESS. ..... 13–1–2
2C. INDUSTRIAL DEVELOPMENT AND COMMERCIAL DEVELOPMENT BOND ACT. ..... 13–2C–3
2D. AIRPORT DEVELOPMENT BOND ACT. ..... 13–2D–3
2G. STATE REFUNDING BOND ACT. ..... 13–2G–14
2H. LOTTERY REVENUE BOND ACT. ..... 13–2H–1
4. FEDERAL SUBSIDY BONDS. ..... 13–4–1


## ARTICLE 1

## BOND ISSUES FOR ORIGINAL INDEBTEDNESS


**Section**

13–1–2. Purposes for which bonds may be issued.
13–1–4. Bond issue proposal to be submitted to voters; election order.
13–1–14. Resolution authorizing issuance and fixing terms of bonds.
13–1–15. Bonds to be payable in annual or semi-annual installments.
13–1–15a. Bonds may be subject to redemption.
13–1–16. Recital of certification that bonds are issued in conformity with constitution and statutes; effect thereof with Attorney General's endorsement.
13–1–17. Bonds shall be registered.
13–1–18. Repealed.
13–1–19. Signing, sealing and delivery of bonds.
13–1–21. Advertisement and sale of bonds.


### § 13–1–2. Purposes for which bonds may be issued

Debt may be incurred and bonds issued under this article for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking, or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work, improvement or department, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, or for other similar corporate purpose, or for the acquiring, constructing, maintaining, repairing, improving public roads and transportation facilities, for which the political division is authorized to levy taxes or expend public money. But no bonds shall be issued for the purpose of providing funds for the current expenses of any body or political division. Interest accruing during the construction period, that is to say, the time when an improvement is under construction and six months thereafter, shall be deemed a part of the cost of the improvement, and shall not be deemed current expenses. All engineering and inspection costs, including a proper proportion of the compensation, salaries and expenses of the engineering staff of the political division properly chargeable to any work or improvements, as determined by the governing body, or the estimated amount of such costs, shall be deemed part of the cost of an improvement. All costs and estimated costs of the issuance of bonds shall be deemed a part of the cost of the work or improvement, or of the property, or of the carrying out of the purposes for which such bonds are to be issued. The power to acquire or construct any building, work or improvement as herein provided shall be deemed to include the power to acquire the necessary lands, sites and rights-of-way therefor.

Bonds may also be issued by any municipality having a population of fifty thousand or more or by any county for the purpose of acquiring land and constructing a building or buildings for use and occupancy as a college. The proposal for such a bond issue shall contain a provision that there shall be created a commission or committee for the purpose of operating the building or buildings and for renting the same for an amount sufficient to pay the interest and sinking fund on the bonds proposed to be issued, and shall contain a further provision that in the event a sufficient amount is not realized from rent or rents for the purpose of meeting the debt service, then the city or county shall lay a levy for such purpose in an amount sufficient within the constitutional and statutory limitation to pay the interest and principal on such bonds as the same become due and payable. The proposal may also contain a provision that when the bonds and the interest thereon shall have been paid, then the title to the land and the building or buildings situated thereon may be transferred to the college to which the same have been rented.

Acts 1923, c. 14, § 2; Acts 1941, c. 8; Acts 1945, c. 17; Acts 1974, c. 8; Acts 2010, c. 199, eff. June 11, 2010.

### Notes of Decisions

School board purchases 4

4. **School board purchases**

County board of education may not issue general obligation bonds to purchase text books. 51 W.Va. Op.Atty.Gen. 323 (May 28, 1965) 1965 WL 92447.

## § 13–1–4. Bond issue proposal to be submitted to voters; election order

No debt shall be contracted or bonds issued under this article until all questions connected with the same are first submitted to a vote of the qualified electors of the political division for which the bonds are to be issued, and receive three fifths of all the votes cast for and against the same: *Provided*, That a county board of education may contract indebtedness and issue bonds for public school purposes when submitted to a vote of the people of the county if the question of contracting indebtedness and issuing bonds is approved by a majority of all the votes cast for and against the same pursuant to section ten, article X of the constitution. The governing body of any political division referred to in this article may, and when requested so to do by a petition in writing, praying that bonds be issued and stating the purpose and amount thereof, signed by legal voters of the political division equal to twenty percent of the votes cast in a county for Governor, or in a municipal corporation or school district for mayor or member of the board of education, as the case may be, shall, by order entered of record, direct that an election be held for the purpose of submitting to the voters of the political division all questions connected with the contracting of debt and the issuing of bonds. The order shall state:

(a) The necessity for issuing the bonds or, if a petition has been filed as provided herein, that the petition has been filed;

(b) If for the construction of a county-district road or bridge thereon, a summary of the engineer's report provided for in the following section setting forth the approximate extent and the estimated cost of the proposed improvement and the kind or class of work to be done thereon;

(c) Purpose or purposes for which the proceeds of bonds are to be expended;

(d) Valuation of the taxable property as shown by the last assessment thereof for state and county purposes;

(e) Indebtedness, bonded or otherwise;

(f) Amount of the proposed bond issue;

(g) Maximum term of bonds;

(h) Maximum rate of interest;

(i) Date of election;

(j) That the levying body is authorized to lay a sufficient levy annually to provide funds for the payment of the interest upon the bonds and the principal at maturity and the approximate rate of levy necessary for this purpose;

(k) In the case of school bonds, that the bonds, together with all existing bonded indebtedness, will not exceed in the aggregate five percent of the value of the taxable property in the school district ascertained in accordance with section eight, article X of the constitution; and that the bonds will be payable from a direct annual tax levied and collected in each year on all taxable property in the school district sufficient to pay the principal and the interest maturing on the bonds in that year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property in section one, article X of the constitution, but in the same proportions as the maximum rates are levied on the several classes of property; and the tax may be levied outside the limits fixed by section one, article X of the constitution.

Any other provision which does not violate any provision of law, or transgress any principle of public policy, may be incorporated in the order.

Acts 1923, c. 14, § 4; Acts 1951, c. 153; Acts 1959, c. 132; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–7. When election to be held

### Notes of Decisions

**In general 1**

**1. In general**

It is unconstitutional for school bond and/or levy questions to be voted upon at an election called by a county board of education to be held on the same day as that already designated by the Legislature for holding a special election for the purpose of considering the ratification or rejection of proposed constitutional amendments. 55 W.Va. Op. Atty.Gen. 98 (April 9, 1973) 1973 WL 159147.

## § 13–1–11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks

### Notes of Decisions

**Polling places 4**

**4. Polling places**

The duty to provide polling places in a special election for school purposes is imposed on a county court rather than on the board of education of that county. 53 W.Va. Op.Atty.Gen. 263 (July 25, 1969) 1969 WL 100556.

## § 13–1–14. Resolution authorizing issuance and fixing terms of bonds

If the required amount of all the votes, pursuant to section four of this article, cast for and against the proposition to incur debt and issue negotiable bonds is in favor of the same, the governing body of the political division shall, by resolution, authorize the issuance of the bonds in an amount not exceeding the amount stated in the proposition; establish the maximum rate or rates of interest which the bonds shall bear within the maximum rate stated in the proposition submitted to vote; require that the bonds shall be made payable at the office of the Municipal Bond Commission and at any other place or places as the body issuing the same designates; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds will be subject to redemption prior to the maturity thereof; and prescribe a form for executing the bonds authorized.

Acts 1923, c. 14, § 14; Acts 1970, c. 9; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1990, 3rd Ex. Sess., c. 5; Acts 1994, c. 13; Acts 1998, c. 320, eff. March 14, 1998; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–15. Bonds to be payable in annual or semiannual installments

Bonds shall be made payable in annual or semiannual installments beginning not more than three years after the date thereof and the amount payable in each year may be so fixed that

when the annual interest is added to the principal amount to be paid, the total amount payable in each year in which part of the principal is payable shall be as nearly equal as practicable. Once principal payments commence, it shall be an immaterial variance if the difference between the largest and smallest amounts of principal and interest payable annually or semiannually during the term of the bonds shall not exceed five percent of the total authorized issue. Bonds may be payable in annual or semiannual installments beginning not more than three years after the date thereof, each installment being as nearly equal in principal amount as practicable.

Acts 1923, c. 14, § 14; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–15a. Bonds may be subject to redemption

All or a portion of the bonds may be subject to redemption prior to the maturity thereof at the option of the body issuing the same as established by resolution of the governing body authorizing the bonds. The body issuing the bonds may not levy taxes in connection with the redemption of any bonds in excess of the taxes that would have been levied for the payment of principal of and interest on the bonds in any year.

Acts 1994, c. 13; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–16. Recital of certification that bonds are issued in conformity with constitution and statutes; effect thereof with Attorney General's endorsement

The resolution authorizing the bonds provided for in section fourteen of this article may direct that they 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."

The recital, when the bonds have been endorsed by the Attorney General as provided in section twenty-eight of this article, are considered an authorized declaration by the governing body of the political division and to import that there is constitutional and statutory authority for incurring the debts and issuing the bonds; that all the proceedings therefor are regular; that all the acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds have existed, happened and been performed in due time, form and manner as required by law; that the amount of the bond and the issue of which it forms a part, together with all other indebtedness, does not exceed any limit or limits prescribed by the constitution or statutes of this state; and that all questions connected with incurring the debt and issuing the bonds have been first submitted to a vote of the people and have received the required amount of all the votes, pursuant to section four of this article, cast for and against the same at an election regularly called and held for the purpose after notice published and posted in the manner required by law. If any bond be issued containing the recital, and also containing the endorsement of the Attorney General as aforesaid, it shall be conclusively presumed that the recital, construed according to the import hereby declared, is true and neither the political division nor any taxpayer thereof shall be permitted to question the validity or regularity of the obligation in any court or in any action or proceeding.

Acts 1923, c. 14, § 15; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–17. Bonds shall be registered

The bonds issued hereunder shall be issued only in fully registered form and shall carry registration privileges as set forth in the resolution authorizing the bonds.

Acts 1923, c. 14, § 16; Acts 1990, 3rd Ex. Sess., c. 5; Acts 1998, c. 320, eff. March 14, 1998; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–18. Repealed by Acts 2009, c. 23, eff. July 9, 2009

### Historical and Statutory Notes

The repealed section, which related to the registration of coupon bonds as to interest and the exchange of registration bonds for coupon bonds, was derived from:

Acts 1923, c. 14, § 17.
Acts 1990, 3rd Ex. Sess., c. 5.
Acts 1998, c. 320.

## § 13–1–19. Signing, sealing and delivery of bonds

All bonds issued under this article by any county shall be signed by the president of the county commission and countersigned by the clerk of the county commission; bonds issued by any municipality shall be signed by the mayor or other chief executive and countersigned by the clerk, recorder or secretary; bonds issued by a county board of education shall be signed by the president of the board of education and countersigned by the secretary thereof. The seal of the political division shall be affixed to the bonds. The delivery of any bonds so executed at any time thereafter shall be valid, although before the date of delivery the person signing the bonds shall have ceased to hold office.

Acts 1923, c. 14, § 18; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–21. Advertisement and sale of bonds

The governing body of the political division issuing bonds pursuant to this article shall sell the same and collect the proceeds, which proceeds shall be deposited with its treasurer. The governing body of the political division shall advertise such bonds for sale, on sealed bids or electronic bids if the governing body elects to utilize an electronic bidding procedure, which advertisement shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code and the publication area for the publication shall be the political division. The first publication shall be made at least fourteen days before the date fixed for the reception of bids. The advertisement shall also be published in the *Bond Buyer* or similar publication and the advertisement may be published electronically: *Provided*, That all advertisements required by this section may consist of an abbreviated notice of the sale of the bonds. The governing body may reject any and all bids. If the bonds are not sold pursuant to the advertisement, they may, within one hundred twenty days after the date advertised for the reception of bids, be sold by the governing body at private sale, but no private sale shall be made at a price less than the highest bid which is received. If not sold, the bonds shall be readvertised in the manner herein provided. In no event shall bonds be sold for less than their par value.

Acts 1923, c. 14, § 20; Acts 1967, c. 105; Acts 1981, 1st Ex. Sess., c. 2; Acts 1992, c. 29; Acts 2009, c. 23, eff. July 9, 2009.

## § 13–1–22. Purposes for which proceeds to be used; purchaser need not see to application thereof

### Notes of Decisions

**1. In general**

A county court may not expend bond issue proceeds for a project unrelated to projects specifically approved by a vote of the people. 53 W.Va. Op.Atty.Gen. 215 (May 28, 1969) 1969 WL 100544.

# ARTICLE 2C

# INDUSTRIAL DEVELOPMENT AND COMMERCIAL DEVELOPMENT BOND ACT

**Section**

13–2C–3. Definitions.
13–2C–3a. Continuation of industrial revenue bond allocation review committee; appointment, terms of members; voting; expenses; duties.
13–2C–21. Ceiling on issuance of private activity bonds; establishing procedure for

PiperJaffray. **Memo**

**FINAL**

***** CLOSING MEMORANDUM*****

To: Distribution List

From: Marie Prezioso
Joe Nassif

Office: Charleston

Re: $21,545,000
The Board of Education of the
County of Hardy (West Virginia)
Public School Bonds, Series 2012

Date: October 22, 2012

**CLOSING DATE, TIME & LOCATION:**

Thursday, October 25, 2012
10:00 a.m. Eastern Time
By Telephone

CLOSING DTC FAST

On the morning of closing, October 25, 2012, Crews & Associates, Inc. will wire **$21,212,048.10** to the account of the Hardy County Board of Education representing the following.

| | |
|---|---|
| Principal Amount | $21,545,000.00 |
| Plus Premium | 97,948.10 |
| Less Good Faith Deposit | 430,900.00 |
| Total | $21,212,048.10 |

WIRE INSRUCTIONS

| | |
|---|---|
| Wire Amount: | $21,212,048.10 |
| Bank: | BB&T WV<br>250 East Second Avenue<br>Williamson, WV 25661 |
| ABA #: | 051503394 |
| Account: | 5270517317 |
| Account Name: | State of West Virginia |
| Ref: | Hardy County Board of Education |
| Bank Contact: | Michael Holtsclow (304.348.7078) |

Upon confirmation that the electronic transfer has been received and that other required activities have been completed, Bowles Rice, United Bank, Crews & Associates and Piper Jaffray will authorize the release and distribution of the Bonds.