

\$11,590,000

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

PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012

DATE OF CLOSING: AUGUST 2, 2012



\$11,590,000

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

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BOND TRANSCRIPT

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A RESOLUTION AND ORDER PROVIDING FOR AND AUTHORIZING THE ADVANCE REFUNDING OF ALL OF THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON PUBLIC SCHOOL BONDS, SERIES 2004, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$11,750,000 AND THE ISSUANCE FOR SUCH PURPOSE OF NOT TO EXCEED \$12,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012; AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE TERMS OF SUCH BONDS; AUTHORIZING THE DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT; AUTHORIZING AND APPROVING AN ESCROW AGREEMENT AND OTHER INSTRUMENTS RELATIVE TO THE BONDS; AUTHORIZING AND APPROVING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; APPOINTING A REGISTRAR AND A PAYING AGENT; PROVIDING DIRECTION FOR THE DISPOSITION OF THE PROCEEDS OF THE BONDS AND FUNDS ON DEPOSIT WITH THE WEST VIRGINIA MUNICIPAL BOND COMMISSION AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, by Resolution and Order Directing Issuance of the Bonds duly adopted by the Board of Education and pursuant to approval at the primary election held May 11, 2004, The Board of Education of the County of Jefferson (West Virginia) (the "Board"), authorized and directed the issuance of \$19,000,000 in aggregate principal amount of The Board of Education of the County of Jefferson Public School Bonds, Series 2004, dated December 1, 2004 (the "Prior Bonds");

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

WHEREAS, it has been proposed that the Jefferson County School District (the "School District") advance refund the Prior Bonds (the "Refunding") pursuant to the Refunding Act through the issuance of its not to exceed \$12,800,000 in aggregate principal amount of The Board of Education of the County of Jefferson Public School Refunding Bonds, Series 2012

(whether issued in one or more series of bonds, the “Refunding Bonds”), as in this Resolution and Order (the “Resolution”) provided;

WHEREAS, the Board has on deposit with the Commission, as of the date hereof, approximately \$1,401,734.90 in funds on deposit in the Surplus Collections Account from taxes levied and collected with respect to the Prior Bonds, which amount is subject to increase prior to the Closing on the Refunding Bonds (the “Surplus Funds”). The Board will use such amount of such deposit as shall be determined in consultation with the Underwriter, herein-after defined, and with the consent of the Commission, together with proceeds of the Refunding Bonds, for some or all of the following purposes: (i) accomplishing the Refunding of the Prior Bonds, (ii) leaving a portion of such funds on deposit in connection with the Refunding Bonds, and/or (iii) for application to projects authorized in connection with the Prior Bonds;

WHEREAS, Piper Jaffray & Co. (the “Underwriter”), acting for and on behalf of itself, has presented a form of Bond Purchase Agreement (the “BPA”) relating to the proposed sale of the Refunding Bonds;

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

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

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

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

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

2. For the purpose of providing for the Refunding, the Board acting for and on behalf of the School District hereby authorizes and orders the issuance of the Refunding Bonds in the aggregate principal amount not to exceed \$12,800,000. The Refunding Bonds shall be designated “The Board of Education of the County of Jefferson Public School Refunding Bonds, Series 2012.”

3. The Refunding Bonds shall be dated such date upon original issuance, shall be numbered, shall bear interest payable semiannually on November 1 and May 1 of each year, commencing November 1, 2012, and shall mature in such principal amounts on such dates

and shall be subject to such redemption provisions as shall be approved by the President. Provided that the principal amount of the Refunding Bonds shall not exceed \$12,800,000, the interest rate shall not exceed five percent (5%) *per annum* and the final maturity date shall not be later than May 1, 2020.

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

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

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

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

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

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

10. The principal of any Refunding Bond shall be payable upon maturity to the registered owner thereof upon surrender of such Refunding Bond at the principal corporate trust office of the Registrar; provided that, at the option of the registered owner, any Refunding Bond may be submitted to the office of the paying agent. Interest on each Refunding Bond is payable by check or draft mailed or, at the option of the Registrar or the Board of Treasury Investments, by wire transfer by the Registrar, from funds transmitted by the Commission, to the registered owner of such Refunding Bond at his address as it appears on the Bond Register at the close of business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding any interest payment date.

11. Piper Jaffray & Co. is hereby appointed as underwriter (the "Underwriter") for the Refunding Bonds. The Refunding Bonds shall be sold to the Underwriter. The President shall, subject to the provisions contained in this Resolution and Order, execute and deliver a BPA in such form as may be approved by the President upon the advice of Bond Counsel and Counsel to the Board. Execution of the BPA by the President shall be conclusive evidence of any approval required by this Section.

12. The delivery of a PRELIMINARY OFFICIAL STATEMENT substantially in the form set forth in Exhibit B, attached hereto and incorporated herein by reference is ratified and confirmed. Further, the distribution of a final Official Statement is authorized.

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

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

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

16. The action of the Underwriter on behalf of the Board Secretary in notifying the Executive Director of the Commission of the intention to accomplish the proposed Refunding and requesting the withdrawal of the Surplus Funds in the approximate amount of \$1,029,301.47 is herewith ratified. The delivery of such letter to the Commission and the withdrawal of the Surplus Funds are hereby in all respects authorized, approved and directed. The Board further authorizes the President and the Secretary, upon consultation with the Underwriter and with the consent of the Commission, to authorize the actual amounts to be transferred to the Escrow Agreement to assist in completing the Refunding and for use in projects authorized by the Prior Bonds.

17. The Surplus Funds in the amount as may be determined to be used in furtherance of the refunding herein authorized shall be applied to redeeming Prior Bonds and

thus reduce the amount required from the Refunding Funds herein authorized. Upon defeasance of the Prior Bonds, Surplus Funds and proceeds of the Refunding Bonds shall be deposited into an escrow account with the Commission (the "Escrow Agreement") and used to call the Prior Bonds on May 1, 2014. Surplus Funds not used in the refunding or required to be maintained at the Commission will be expended on Projects authorized by the Prior Bonds. The Board is hereby authorized to enter into the Escrow Agreement.

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

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

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

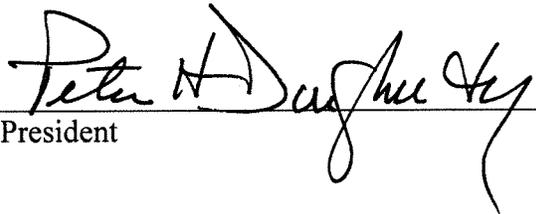
21. The President is hereby authorized and directed to execute and deliver to the Executive Director of the Commission, as soon as possible, a request to certify the amount of taxes expected to be available for the payment of the debt service on the Refunding Bonds in each year, as required by the Refunding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

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

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

Adopted on the 25th day of June, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: 
Its: President

Attest:


Its: Secretary

EXHIBIT A - BOND FORM

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

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON [WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
_____. ____%

MATURITY DATE
May 1, ____

BOND DATE
July __, 2012

REGISTERED OWNER: CEDE & Co.

CUSIP

PRINCIPAL AMOUNT: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation organized and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby promises to pay, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), in installments on May 1 of each year, as hereinafter provided.

The interest on each installment shall run from the original date of delivery of this Bond to the Registered Owner and payment therefor, and until payment of such installment, and such interest shall be payable in each year at the Interest Rate per annum specified above, semiannually, on May 1 and November 1, in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until paid in full. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Order and Resolution.

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

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

This Bond is authorized to be issued in the aggregate principal amount of \$ _____ (the "Bonds"), by an Order and Resolution and adopted by the Board on April __, 2012 (the "Order"). The Bonds are issued for the purpose of advance refunding all of The Board of Education of the County of Jefferson Public School Bonds, Series 2004 currently outstanding in the aggregate principal amount of [\$ _____] (the "Prior Bonds").

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

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

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

The Board has caused CUSIP numbers to be printed on the Bonds, and has directed the Paying Agent to use such numbers in notices, if any, as a convenience to

bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds or as contained in any notice.

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

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.]

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

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

(SEAL)

(Manual or Facsimile Signature)
President

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

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

Dated: _____

as Registrar

By: _____
Its: Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

Dated: _____.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

EXHIBIT B

PRELIMINARY OFFICIAL STATEMENT

\$11,590,000
 THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
 (WEST VIRGINIA)
 Public School Refunding Bonds, Series 2012

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned MARIE L. PREZIOSO, of PIPER JAFFRAY & CO. (the “Purchaser”), for and on behalf of the Purchaser, and PETER H. DOUGHERTY, President of THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (the “Issuer”), hereby certify as follows:

1. On August 2, 2012, through DTC in New York, New York, the Purchaser received the entire original issue of \$11,590,000 in aggregate principal amount of the Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the “Bonds”). The Bonds, as so received on original issuance, are dated August 2, 2012, are numbered, mature on May 1 of the years, bear interest at the rates and are in the respective denominations set forth in **Exhibit A** attached hereto and incorporated herein by reference, and are all fully registered in the name of “CEDE & CO.”

2. At the time of such receipt of the Bonds upon original issuance, they had been signed by Peter H. Dougherty, as President of the Issuer, by his manual signature, and countersigned by Susan K. Wall, as Superintendent and Secretary of the Issuer, by her manual signature, and the seal of the Issuer had been affixed upon such Bonds and had been authenticated by United Bank, Inc., as Registrar.

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

Par Amount	\$11,590,000.00
Original Issue Premium	1,266,554.10
Less: Underwriter’s Discount	<u>(92,950.00)</u>
TOTAL	\$12,763,604.10

Payment for the Bonds was made in Federal Funds in the amount of \$12,763,604.10 on the date hereof.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, MARIE L. PREZIOSO, duly signed and delivered this receipt on behalf of the Purchaser and Peter H. Dougherty for the Issuer duly signed and delivered this receipt on behalf of the Issuer has caused this receipt to be duly signed and delivered by its President as of this 2nd day of August 2012.

PIPER JAFFRAY & CO.

By: 
Its: Senior Vice President

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: 
Its: President

EXHIBIT A

Series 2012 Bonds

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:							
	5/1/2013	473664DJ6	1,315,000	4.000%	0.470%	102.629	34,571.35
	5/1/2014	473664DK3	1,265,000	4.000%	0.660%	105.791	73,256.15
	5/1/2015	473664DL1	1,330,000	4.000%	0.830%	108.591	114,260.30
	5/1/2016	473664DM9	1,390,000	4.000%	0.980%	111.083	154,053.70
	5/1/2017	473664DN7	1,465,000	4.000%	1.210%	112.832	187,988.80
	5/1/2018	473664DP2	1,535,000	4.000%	1.470%	113.892	213,242.20
	5/1/2019	473664DQ0	1,605,000	4.000%	1.690%	114.669	235,437.45
	5/1/2020	473664DR8	1,685,000	4.000%	1.900%	115.059	253,744.15
			11,590,000				1,266,554.10

RatingsDirect®

Summary:

Jefferson County Board of Education, West Virginia; School State Program

Primary Credit Analyst:

Hilary A Sutton, New York (1) 212-438-7093; hilary_sutton@standardandpoors.com

Secondary Contact:

Danielle Leonardis, New York (1) 212-438-2053; danielle_leonardis@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Jefferson County Board of Education, West Virginia; School State Program

Credit Profile

US\$11.315 mil pub sch rfdg bnds ser 2012 due 05/01/2020

Long Term Rating

AA/Stable

New

Jefferson Cnty Brd of Ed GO

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Jefferson County Board of Education, W. Va.'s series 2012 public school refunding bonds. At the same time, Standard & Poor's affirmed its 'AA' underlying rating (SPUR) on the board's parity debt.

The rating reflects our view of the board's eligibility and participation in West Virginia's Municipal Bond Program. The rating also reflects our assessment of the state's strong debt service oversight and the legislature's replenishment provision for the bond commission's sinking fund. Under the program, West Virginia 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 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 outlook on the program will always reflect our outlook on the state.

West Virginia's municipal bond program

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

In addition to this statutory provision, the commission's administrative guidelines include notifying the local

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

Jefferson County Board of Education

The school district is coterminous with Jefferson County, which is in the eastern part of the state. The 2011 school year enrollment is 8,842. Bond proceeds will advance refund the board's series 2004 bonds.

Outlook

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

Related Criteria And Research

USPF Criteria: State Credit Enhancement Programs, Nov. 13, 2008

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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McGRAW-HILL

RatingsDirect®

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McGRAW-HILL

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

No. R-1

\$1,315,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2013

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DJ6

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED FIFTEEN THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

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

No. R-2

\$1,265,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2014

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DK3

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

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

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No. R-3

\$1,330,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2015

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DL1

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

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No. R-4

\$1,390,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2016

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DM9

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED NINETY THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

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No. R-5

\$1,465,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2017

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDER & CO.

SPECIMEN

CUSIP
473664DN7

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

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No. R-6

\$1,535,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2018

BOND DATE
August 2, 2012

REGISTERED OWNER: Cede & Co.

SPECIMEN

CUSIP
473664DP2

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

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No. R-7

\$1,605,000

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STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2019

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DQ0

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED FIVE THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

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

No. R-8

\$1,685,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
[WEST VIRGINIA]
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2012

INTEREST RATE
4.00%

MATURITY DATE
May 1, 2020

BOND DATE
August 2, 2012

REGISTERED OWNER:

CEDE & CO.

SPECIMEN

CUSIP
473664DR8

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

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning November 1, 2012 (each an "Interest Payment Date"), until maturity. The Issuer has designated United Bank, Inc., Charleston, West Virginia, to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, to act in the capacity of paying agent for the Bonds (the "Paying Agent"). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution and Order.

The principal amount of this Bond shall be payable to the Registered Owner at the principal office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. Interest on this Bond is payable by check, or draft, mailed or by wire transfer by the Paying Agent to the Registered Owner hereof at its address as it appears on the books kept for that purpose by the Registrar at the close of Business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding such Interest Payment Date or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Registrar.

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

This Bond is one of the bonds of the authorized issue designated as the Issuer's Public School Refunding Bonds, Series 2012, dated August 2, 2012, and is authorized to be issued in the aggregate principal amount of \$11,790,000 (the "Bonds"), pursuant to Chapter 13, Article 2 of the West Virginia Code of 1931, as amended (the "Act") and other laws of the State, and by a Resolution and Order adopted by the Board on June 25, 2012 (the "Order"). The Bonds are issued for the purpose of advance refunding all of The Board of Education of the County of Jefferson Public School Refunding Bonds, Series 2004 currently outstanding in the aggregate principal amount of \$11,750,000 (the "Prior Bonds").

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

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

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

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

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

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

SPECIMEN

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

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

(SEAL)



President



Secretary

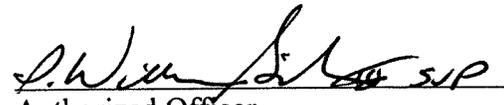
SPECIMEN

CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

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

Dated: August 2, 2012.

UNITED BANK, INC.,
as Registrar

By: 
Its: Authorized Officer

SPECIMEN

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)

SPECIMEN

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.

\$11,590,000
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012

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

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

The undersigned PRESIDENT and the undersigned SUPERINTENDENT and SECRETARY of The Board of Education of the County of Jefferson (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 Piper Jaffray & Co., as original purchaser ("Purchaser") from the Issuer of the above-captioned bond issue and other interested parties as follows, jointly unless otherwise stated, all capitalized terms not otherwise defined herein to have the meanings given in the Resolution, herein defined:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Resolution and Order Providing for and Authorizing the Advanced Refunding of the Issuer's Series 2004 Bonds adopted June 25, 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 or the sale

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

3. SALE OF BONDS; SIGNATURES: The Bonds were sold to Piper Jaffray & Co., Charleston, West Virginia, upon a negotiated basis at the price of \$12,763,604.10 (\$11,590,000.00 principal amount of the Bonds, plus an Original Issue Premium of \$1,266,544.10, less Underwriter's Discount of \$92,950.00) and without accrued interest. As of the date hereof, the Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was affixed hereto.

4. DELIVERY AND PAYMENT: The undersigned President did, on the date hereof, deliver to the Purchaser, through DTC, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing on May 1 in each of the years 2013 to 2020, inclusive and numbered R-1 to R-8, inclusive.

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

Issue Price	\$11,590,000.00
Original Issue Premium	1,266,544.10
Less: Underwriter's Discount	<u>(92,950.00)</u>
Total Received	\$12,763,604.10

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:

Resolution and Order Directing Issuance of Bonds

Minutes (or excerpt) of Board Meeting of June 25, 2012

Preliminary Official Statement

Bond Purchase Agreement

Official Statement

Escrow Agreement

Registrar Agreement

Accountants’ Verification Report

Tax and Arbitrage Certificate

Certificate of Chairman of Bond Commission

Continuing Disclosure Agreement

Specimen Bond

S&P Rating

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

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

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 30, 2011, except as may be set forth in the Official Statement. Other than the Issuer’s Series 2004 Bonds, issued in the original amount of \$19,000,000 and currently outstanding in the amount of \$11,750,000, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

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

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

<u>Name and Office</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Peter H. Dougherty – President	July 1, 2010	June 30, 2014
Gary Kable - Vice President	July 1, 2012	June 30, 2016
Mariland Dun Lee - Member	July 1, 2010	June 30, 2014
Mark Osbourn - Member	July 1, 2010	June 30, 2016
Scott Sudduth - Member	July 1, 2010	June 30, 2014

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

Susan K. Wall	-	Superintendent of Schools
Beth Marrone	-	Treasurer

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

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

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

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

12. 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.

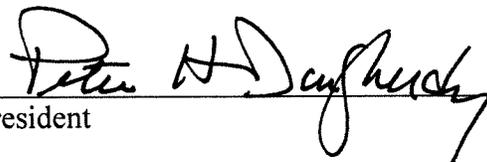
13. DISCLOSURES: The information relating to the Issuer contained in the Official Statement is true and correct in all material respects, and nothing has come to the attention of the undersigned that would lead the undersigned to believe that the Official Statement contains any untrue and misleading 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.

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

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON on this 2nd day of August, 2012.

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

[SEAL]

By: 
Its: President

By: 
Its: Secretary

TAX REGULATORY AGREEMENT AND
NON ARBITRAGE CERTIFICATE.

THIS TAX REGULATORY AGREEMENT AND NON-ARBITRAGE CERTIFICATE (the "Tax Regulatory Agreement") is made and dated as of 2nd day of August, 2012, between THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON, WEST VIRGINIA (hereinafter referred to as the "Issuer"), and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Commission" or the "Escrow Trustee").

WITNESSETH:

WHEREAS, the Issuer is issuing its Public School Refunding Bonds, Series 2012 (the "Bonds") to advance refund its Public School Refunding Bonds, Series 2004:

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

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

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
DEFINITIONS, INTERPRETATION AND RELIANCE

Section 1.1 Definitions. All capitalized words and phrases used in this Agreement shall have the meanings ascribed thereto herein. In the event that any capitalized word or phrase used in this Tax Regulatory Agreement is not defined in this Agreement, such word or phrase shall have the meaning ascribed thereto in the resolution and order adopted by the Issuer on June 25, 2012, (the "Resolution"). For purposes of this Agreement, the following words and phrases shall have the meanings set forth below:

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

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

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

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

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

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

“Bonds” means the Issuer’s Public School Refunding Bonds, Series 2012 in the aggregate principal amount of \$11,590,000.

“Bond Year” means the one-year periods during the term of the Bonds beginning on the first day of July of any calendar year and ending on the last day of June of any calendar year. The first Bond Year begins on the Date of Issue of the Bonds and ends on June 30, 2013.

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

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

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

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

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

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

“Date of Issue” means August 2, 2012.

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

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

“Escrow Agreement” means the Escrow Deposit Agreement among the Issuer and the Escrow Agent dated as of August 2, 2012.

“Escrow Fund” means The Board of Education of the County of Jefferson, Series 2012 Fund Escrow Deposit held by the Escrow Agent under the Escrow Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“IRS” means the Internal Revenue Service.

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

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

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

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

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

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

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

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

“Prior Bonds” means the Issuer’s Public School Refunding Bonds, Series 2004, in the original principal amount of \$19,000,000, issued on December 1, 2004.

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

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

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

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

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

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

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

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

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

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

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

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

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

“Resolution” means the Resolution and Order authorizing the issuance of the Bonds, adopted by the Issuer on June 25, 2012.

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

“State” means the State of West Virginia.

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

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

“Tax Regulatory Agreement” means this Tax Regulatory Agreement and Non-Arbitrage Certificate dated as of August 2, 2012, between the Issuer and the Commission.

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

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

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

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

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

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

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

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

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

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

Section 1.2 Interpretation. In this Tax Regulatory Agreement:

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

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

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

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

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

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

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

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

ARTICLE II SOURCE AND USE OF PROCEEDS AND CERTAIN REPRESENTATIONS

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

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

Section 2.2 Source and Use of Bond Proceeds and Other Funds. (a) Sale Proceeds. The Sale Proceeds of the Bonds are \$12,763,604.10 (face amount of \$11,590,000, plus an Original Issue Premium of \$1,266,554.10, minus Underwriter’s Discount of \$92,950.00) The Sale Proceeds of the Bonds will be deposited into certain Funds and Accounts established and maintained pursuant to the Resolution and Escrow Agreement and will be used as follows:

- (i) To the Escrow Fund \$12,679,150.64. The Escrow Fund is being used to purchase government securities (\$0.64 in cash deposit) to defease the Prior Bonds and amounts on deposit in the Escrow Fund will be used to make interest payment on the Prior Bonds on November 1, 2012 and November 1, 2013 and principal and interest payments on the Prior Bonds on May 1, 2013 and May 1, 2014; and
- (ii) To the Interest Account of the Debt Service Fund \$0
- (iii) To the COI Account \$84,453.46

(b) Other Funds. The sum of \$-0- representing funds held in the General Obligations Account Surplus Collection Account for the Prior Bonds shall be deposited into the Escrow Fund contemporaneously with the deposit of Sale Proceeds of the Bonds into such Fund, as set out above.

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

Section 2.3 Representations as to Redemption of Prior Bonds. The Issuer represents that the Prior Bonds will be redeemed on May 1, 2014.

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

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

Section 2.6 Hedge Bonds. The Issuer represents and certifies:

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

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

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

Section 2.8 Released Funds. As a result of the refunding affected by the Bonds, certain funds on deposit in the surplus collections accounts for the Prior Bonds will be released to the Issuer. The Issuer intends to use such funds for the completion of Projects approved by the voters pursuant to the 2004 Bond Election.

ARTICLE III ARBITRAGE

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

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

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

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

(ii) Any Sale Proceeds of the Bonds deposited in the Debt Service Account will constitute pre-issuance accrued interest on the Bonds and will be applied to pay principal and interest on the Bonds on May 1, 2013, and may be invested without restriction as to Yield.

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

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

(c) Moneys held in the Escrow Fund shall be invested and shall be used as set out on Exhibit B and to call the Prior Bonds at a price of \$9,302,100.00 together with the payment of principal and interest on the Prior Bonds on the due dates thereof prior to the Redemption Date (total of \$12,714,965.00).

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

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

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

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

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

(a) For each investment of (i) amounts held in the Debt Service Account, (ii) amounts held in the Rebate Account, (iii) Transferred Proceeds of the Bonds, and (iv) any other moneys held by the Issuer that are Gross Proceeds, the Issuer shall record, or cause to be recorded, the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Based upon the statements provided by Piper Jaffray & Co., the yield on the Bonds is 1.4418%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV TERM OF TAX REGULATORY AGREEMENT

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

ARTICLE V AMENDMENTS

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

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

ARTICLE VI
EVENTS OF DEFAULT, REMEDIES, COUNTERPARTS

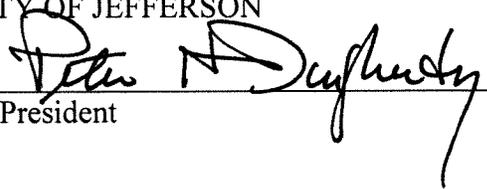
Section 6.1 Events of Default. If the Issuer fails to perform any of its required duties or obligations under any provision hereof, such event shall constitute an Event of Default under this Tax Regulatory Agreement and under the Resolution.

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

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

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

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: 
President

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

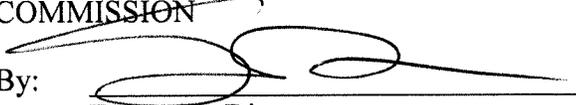
By: 
Executive Director

EXHIBIT A
Sources and Uses of Funds

Sources and Uses of Funds

Sources

Par Amount of Bonds	\$11,590,000.00
Original Issue Premium	\$1,266,554.10
Amounts Transferred from Bond Commission (Debt Service Account)	\$-0-
TOTAL	\$12,856,554.10

Uses

Deposit to Escrow Account ¹	\$12,679,150.64
Underwriter's Discount	\$92,950.00
Cost of Issuance ²	\$84,453.46
TOTAL	\$12,856,554.10

¹ The Amount set forth in the Escrow Agreement as required, together with the income thereon to effect the advance refunding of the Series 2004 Bonds.

² Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, Registrar and Accountants' Verification Report and other costs of issuing the Series 2012 Bonds.

EXHIBIT B

INFORMATION FOR PURPOSES OF FORM 8038-G

(a) Issuer's employee identification number	55-6000334
(b) Number of 8038-G reports previously filed by the Issuer this calendar year	None
(c) Issue price of the Bonds	\$12,856,554.10
(d) Proceeds used for Accrued Interest	-0-
(e) Costs of Issuance (including Underwriter's Discount)	\$177,403.46
(f) Reasonably required Reserve Fund deposits	-0-
(g) Proceeds used for Credit Enhancement	-0-
(h) Proceeds used to refund prior issues	\$12,679,150.64
(i) Nonrefunding Proceeds	-0-
(j) Remaining weighted maturity of refunded bond	4.4911 yrs
(k) Last date on which refunded bonds will be called	May 1, 2014
(l) Date on which refunded bonds were issued	December 1, 2004
(m) Amount of Bonds designated by Issuer under §265(b)(3)(B)(i)(III)	-0-
(n) Weighted average maturity on Bonds	4.5450 yrs
(o) Yield	1.4418%
(p) Net interest cost	1.730645%

**CERTIFICATE OF DETERMINATION PURSUANT TO
RESOLUTION AND ORDER ADOPTED BY THE
BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
ON JUNE 25, 2012
RELATING TO THE ISSUANCE AND SALE OF NOT TO EXCEED
\$12,800,000 PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012**

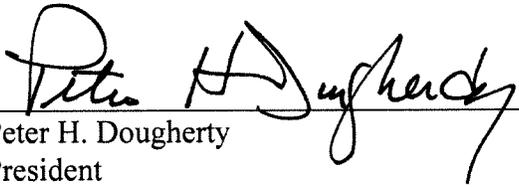
The undersigned President and Secretary of The Board of Education of the County of Jefferson (the "Issuer"), on behalf of the Issuer, pursuant to a Resolution and Order (the "Bond Resolution") adopted at a public meeting of the Issuer held on June 25, 2012, relating to the issuance and sale of not to exceed \$12,800,000 Public School Refunding Bonds, Series 2012 (the "Bonds"), hereby make the following determinations:

1. The Bonds shall be issued in the aggregate principal amount of \$11,590,000 and shall be issued in book-entry form.
2. All of the Series 2004 Bonds shall be redeemed.
3. The Bonds shall be issued in one series, being a tax-exempt series designated the Board of Education of the County of Jefferson [West Virginia] Public School Refunding Bonds, Series 2012.
4. The Bonds shall be issued as Serial Bonds in the amounts and with the maturities as provided in Exhibit A attached hereto.
5. The interest rates for such Bonds shall be as provided in Exhibit A attached hereto.
6. The purchase price for the Bonds shall be \$12,763,604.10, which is the par amount of the Bonds, \$11,590,000.00, plus a original issue premium of \$1,266,554.10 less an underwriter's discount of \$92,950.00.
7. The West Virginia Municipal Bond Commission is hereby designated to serve as provided in the Escrow Agreement attached hereto as Exhibit B.
8. United Bank, Inc. shall serve as Registrar for the Bonds.
9. The debt service on the Bonds shall be as set forth in Exhibit C attached hereto to be payable as provided in the Bond Resolution.

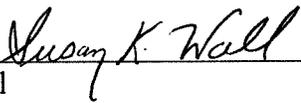
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[Signature Page to Certificate of Determination]

IN WITNESS WHEREOF, the undersigned President and Secretary of the Board of Education of the County of Jefferson has caused this document to be executed as of the 19th day of July, 2012.



Peter H. Dougherty
President



Susan K. Wall
Secretary

EXHIBIT A

Bond Pricing

The Board of Education of the
 County of Jefferson (West Virginia)
 Public School Refunding Bonds, Series 2012

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:							
	5/1/2013	473664DJ6	1,315,000	4.000%	0.470%	102.629	34,571.35
	5/1/2014	473664DK3	1,265,000	4.000%	0.660%	105.791	73,256.15
	5/1/2015	473664DL1	1,330,000	4.000%	0.830%	108.591	114,260.30
	5/1/2016	473664DM9	1,390,000	4.000%	0.980%	111.083	154,053.70
	5/1/2017	473664DN7	1,465,000	4.000%	1.210%	112.832	187,988.80
	5/1/2018	473664DP2	1,535,000	4.000%	1.470%	113.892	213,242.20
	5/1/2019	473664DQ0	1,605,000	4.000%	1.690%	114.669	235,437.45
	5/1/2020	473664DR8	1,685,000	4.000%	1.900%	115.059	253,744.15
			11,590,000				1,266,554.10

EXHIBIT B

Form of Escrow Agreement

EXHIBIT B
FORM OF
ESCROW AGREEMENT

This ESCROW AGREEMENT, made and entered into as of August 2, 2012, by and between THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (WEST VIRGINIA) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent (the "Commission" or the "Escrow Agent").

WITNESSETH THAT:

WHEREAS, on December 1, 2004, the Issuer issued its Public School Bonds, Series 2004, in the original aggregate principal amount of \$19,000,000, of which \$11,750,000 is presently outstanding (the "Prior Bonds");

WHEREAS, the Issuer has determined to issue its Public School Refunding Bonds, Series 2012 (the "Refunding Bonds"), pursuant to a Resolution and Order adopted and entered on June 25, 2012 (the "Order"), and contemporaneously therewith, legally defease the Prior Bonds by applying a portion of the proceeds of the Refunding Bonds to the purchase of United States government obligations which shall be deposited in the Escrow Fund to be held by the Escrow Trustee as herein described;

WHEREAS, the Commission, as Escrow Agent, will apply a portion of the proceeds of the Refunding Bonds deposited with it in the amount of \$_____ to the purchase of the United States government obligations (the "Government Obligations") identified in the Verification Report, dated August 2, 2012, of Grant Thornton LLP, Minneapolis, Minnesota, attached hereto as EXHIBIT A - VERIFICATION REPORT (the "Verification Report"), which Government Obligations upon receipt thereof by the Escrow Agent shall be deposited into the Escrow Fund herein described;

WHEREAS, the Government Obligations placed in the Escrow Fund on the date hereof (the "Closing Date") are in such amount as to insure the payment of the accruing interest on the Prior Bonds each November 1 and May 1, commencing November 1, 2012, and the principal of the Prior Bonds accruing each May 1 to and including May 1, 2014 (the "Redemption Date") and to pay the redemption price of the Prior Bonds, which shall equal \$_____ (the "Redemption Price") on the Redemption Date;

WHEREAS, the Issuer has found it desirable to appoint the Commission as Escrow Agent and the Commission has agreed to such appointment for the purposes of holding title, as agent for the Issuer, to the "Government Obligations", disbursing to the registered owner of the Prior Bonds the amounts necessary to pay the accruing interest on the Prior Bonds each May 1 and November 1, commencing November 1, 2012 to and including the Redemption Date, together with the amounts necessary to pay the maturing principal of the Prior Bonds each May 1, commencing May 1, 2013, to and including the Redemption Date, and to pay the Redemption Price to the registered owner of the Prior Bonds on the Redemption Date; and

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

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

1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent, to be maintained in a separate and discrete deposit account, an irrevocable trust fund to be known as the Escrow Fund, to be held in the custody of the Escrow Agent, separate and apart from all other funds of the Issuer and the Escrow Agent. The deposit of the Government Obligations in the Escrow Fund shall constitute an irrevocable deposit of said Government Obligations in trust for the payment of the principal of and interest on the Prior Bonds on the due dates thereof and to pay the Redemption Price of the Prior Bonds on the Redemption Date, all in accordance with paragraph 4 hereof.

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

3. Deposits to Escrow Fund. Concurrently with the delivery of the Refunding Bonds, the Issuer and the Escrow Agent shall cause \$ _____ to be deposited in the Escrow Fund, and the Escrow Agent will thereupon immediately use such funds to purchase the Government Obligations. According to the Verification Report, the maturity Government Obligations will be sufficient to insure the payment of the accruing interest on the Prior Bonds each November 1 and May 1, commencing November 1, 2012, and the principal of the Prior Bonds accruing each May 1 to and including the Redemption Date and to pay the Redemption Price of the Prior Bonds on the Redemption Date and the Escrow Agent covenants to apply the proceeds of the Government Obligations as they mature to such payments. The securities in the Escrow Fund, shall be applied solely as Grant Thornton LLP, has certified, in its Verification Report, attached hereto as EXHIBIT A, so that the Government Obligations in the Escrow Fund will be sufficient to make the payments as herein required.

4. Application of Escrow Fund. The Escrow Agent, without further authorization from the Issuer, shall apply proceeds of the Government Obligations as they mature directly to the payment to the Registered Owner of the Prior Bonds of accrued interest on the Prior Bonds on each November 1 and May 1, commencing November 1, 2012, to the payment to the Registered Owner of the Prior Bonds of the maturing principal of the Prior Bonds each May 1, commencing May 1, 2013 to and including the Redemption Date and to pay to the Registered Owner of the Prior Bonds the Redemption Price of the Prior Bonds on the Redemption Date.

The Government Obligations, in the Escrow Fund shall, and the Escrow Agent agrees such Government Obligations will, be used solely for the purpose as above described and the deposit of such Government Obligations into the Escrow Fund shall be irrevocable, and the Escrow Agent agrees it will not surrender or otherwise attempt to redeem or otherwise negotiate

the Government Obligations in the Escrow Fund. Subject to the foregoing requirements for the use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Funds therein and that the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the Government Obligations therein.

5. Deposit to Special Surplus Account. Concurrently with the delivery of the Refunding Bonds funds on deposit in the Surplus Collections Account for the Prior Bonds shall be transferred by the Commission to the Special Surplus Account. On the Closing Date, or as soon thereafter as possible, a portion of such deposit in the amount of approximately \$ _____, and additional 2012 levies, if any, shall be paid from the Escrow Agent to the Issuer, and used by the Issuer to pay costs of projects which were approved by the voters in the Jefferson County School District pursuant to the bond election which was held for the Prior Bonds on May 11, 2004. The funds on deposit in the Special Surplus Account shall not be pledged to the repayment of the Prior Bonds or the Refunding Bonds.

6. Lien of Prior Bonds. The holders of the Prior Bonds shall have an express lien on all moneys and securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement. The holders of the Refunding Bonds shall have no lien on the moneys and securities in the Escrow Fund.

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

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

9. Beneficiaries of This Escrow Agreement. This Escrow Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Escrow Agent and their respective successors and assigns, subject to the provisions of this Escrow Agreement. In addition, this Escrow Agreement shall constitute a third party beneficiary contract for the benefit of the registered owners of the Prior Bonds. Said third party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Escrow Agent of the respective

agreements and covenants herein contained as fully and completely as if such third party beneficiaries were parties hereto. In the event the Escrow Agent is unwilling or unable to continue to serve as Escrow Agent, a successor Escrow Agent may be appointed by the Issuer which shall be any national banking association or any state bank within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers. Any bank into which such successor Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, unless the Issuer disapproves in writing, be the successor Escrow Agent without the execution of any document or the performance of any further act. In the event the Issuer disapproves of the successor Escrow Agent resulting from any of the events described above, the Issuer shall immediately appoint any state bank or national banking association within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers to be the successor Escrow Agent, whereupon such successor Escrow Agent shall immediately succeed to the respective agreements and covenants hereunder.

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

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

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

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

Prior Bonds or any proceedings taken in connection therewith, as they are made solely by the Issuer.

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

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

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

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

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

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

The Issuer: The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414
ATTN: President

The Escrow Agent: West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia 25301
ATTN: Executive Director

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

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: _____
Its: President

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its: Executive Director

EXHIBIT A - VERIFICATION REPORT

EXHIBIT C

Bond Debt Service

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/1/2012			114,612.22	114,612.22	
5/1/2013	1,315,000	4.000%	231,800.00	1,546,800.00	1,661,412.22
11/1/2013			205,500.00	205,500.00	
5/1/2014	1,265,000	4.000%	205,500.00	1,470,500.00	1,676,000.00
11/1/2014			180,200.00	180,200.00	
5/1/2015	1,330,000	4.000%	180,200.00	1,510,200.00	1,690,400.00
11/1/2015			153,600.00	153,600.00	
5/1/2016	1,390,000	4.000%	153,600.00	1,543,600.00	1,697,200.00
11/1/2016			125,800.00	125,800.00	
5/1/2017	1,465,000	4.000%	125,800.00	1,590,800.00	1,716,600.00
11/1/2017			96,500.00	96,500.00	
5/1/2018	1,535,000	4.000%	96,500.00	1,631,500.00	1,728,000.00
11/1/2018			65,800.00	65,800.00	
5/1/2019	1,605,000	4.000%	65,800.00	1,670,800.00	1,736,600.00
11/1/2019			33,700.00	33,700.00	
5/1/2020	1,685,000	4.000%	33,700.00	1,718,700.00	1,752,400.00
	11,590,000		2,068,612.22	13,658,612.22	13,658,612.22

\$11,590,000 THE BOARD OF EDUCATION OF
THE COUNTY OF JEFFERSON (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012

CERTIFICATE OF THE CHAIRMAN OF THE WV MUNICIPAL BOND COMMISSION

I, the undersigned, Craig Griffith, hereby certify as follows:

1. I am the duly appointed Tax Commissioner, and ex officio the Chairman of the West Virginia Municipal Bond Commission.

2. This certificate is delivered in response to a letter request, dated July 27, 2012, from The Jefferson County Board of Education, West Virginia, and pursuant to Chapter 13, Article 2, Section 1, of the Code of West Virginia, 1931, as amended.

3. According to the information provided to the Commission, on or about August 2, 2012, the Jefferson County Board of Education will issue its Series 2012 Public School Refunding Bonds, dated August 2, 2012, in the principal amount of \$11,590,000, with interest rates of 4.00%. This issue will refund its Series 2004 Public School Bonds, dated December 1, 2004, with remaining principal outstanding of \$11,750,000 and interest rates of 3.75 to 4.125%.

4. The amount of taxes expected to be available in each year for the purpose of paying debt service on the Series 2012 Refunding Bonds, and the projected debt service of those bonds are as follows:

<u>Tax Year Beginning</u>	<u>Taxes</u>	<u>Projected Debt</u>
<u>July 1</u>	<u>Available</u>	<u>Service</u>
2012	1,824,369	1,661,412.22
2013	1,824,369	1,676,000.00
2014	1,824,369	1,690,400.00
2015	1,824,369	1,697,200.00
2016	1,824,369	1,716,600.00
2017	1,824,369	1,728,000.00
2018	1,824,369	1,736,600.00
2019	1,824,369	<u>1,752,400.00</u>
		\$13,658,612.22

5. The total debt service on the Series 2012 Refunding Bonds will be \$13,658,612.22 or \$310,955.28 less than the remaining debt service on the Series 2004 Bonds. The debt service due each year on the Series 2012 Refunding Bonds does not exceed the taxes expected to be available for the payment of the same, and the total debt service does not exceed the total remaining authorized levy of \$25,074,465.78.

WITNESS my signature this 23rd day of August 2012.

A handwritten signature in black ink, consisting of several vertical strokes and a few horizontal lines, positioned above a horizontal line.

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

\$11,590,000

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

CERTIFICATE OF UNDERWRITER

The undersigned, Marie L. Prezioso, Senior Vice President and Manager of West Virginia Public Finance of Piper Jaffray & Co. (the "Underwriter"), as underwriter of the Bonds identified above (the "Bonds"), hereby certifies that:

1. All of the Bonds were offered to the general public in a bona fide public offering at prices (the "Initial Offering Prices") that were not greater than and yields no lower than, those shown on the inside cover page of the Official Statement dated July 19, 2012, relating to the Bonds (the "Official Statement"). The fair market value of the Bonds is not in excess of the Initial Offering Prices. There is no pre-issuance accrued interest on the Bonds. A substantial amount of the Bonds (in excess of 10%) was sold or at the time of sale of the Bonds was reasonably expected by the Underwriter to be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the Initial Offering Prices not greater than, and yields no lower than, the respective prices and yields shown on the inside cover of the Official Statement. The aggregate of the Initial Offering Prices of the Bonds is \$12,856,554.10.

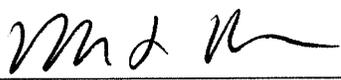
2. The Underwriter's discount is \$92,950.00, which will be withheld by the Underwriter from the purchase price otherwise paid to the Issuer as compensation for its services in selling the Bonds to the public.

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

The signer is an officer of the Underwriter and is duly authorized to execute and deliver this Certificate of the Underwriter. The Underwriter understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of their representations in the Tax Regulatory Agreement and Non-Arbitrage Certificate and in completing and filing the Information Return for the Bonds, and by Bowles Rice McDavid Graff & Love LLP, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Bonds; provided, however, that nothing herein represents any interpretation by the Underwriter of any rules or regulations under the Internal Revenue Code of 1986, as amended.

Dated: August 2, 2012

PIPER JAFFRAY & CO.

By: 
Its: Senior Vice President and Manager of West
Virginia Public Finance

\$11,590,000
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2012

CERTIFICATE OF REGISTRAR

I. William Snider III Sr.

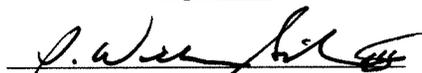
The undersigned _____, Vice President and Trust Officer, of United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution and Order Providing for and Authorizing the Advanced Refunding of the Series 2004 Bonds of the Board of Education of the County of Jefferson (West Virginia) (the "Issuer") adopted June 25, 2012 (the "Resolution").

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

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

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

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

<u>Name</u>	<u>Title</u>	<u>Signature</u>
I. William Snider III	Sr. Vice President & Trust Officer	

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

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

IN WITNESS WHEREOF, United Bank, Inc., has caused this Certificate to be executed by a duly authorized officer, this 2nd day of August, 2012.

UNITED BANK, INC.

By: 
Its: Sr. Vice President and Trust Officer

EXHIBIT A

Series 2012 Bonds

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:							
	5/1/2013	473664DJ6	1,315,000	4.000%	0.470%	102.629	34,571.35
	5/1/2014	473664DK3	1,265,000	4.000%	0.660%	105.791	73,256.15
	5/1/2015	473664DL1	1,330,000	4.000%	0.830%	108.591	114,260.30
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	5/1/2017	473664DN7	1,465,000	4.000%	1.210%	112.832	187,988.80
	5/1/2018	473664DP2	1,535,000	4.000%	1.470%	113.892	213,242.20
	5/1/2019	473664DQ0	1,605,000	4.000%	1.690%	114.669	235,437.45
	5/1/2020	473664DR8	1,685,000	4.000%	1.900%	115.059	253,744.15
			11,590,000				1,266,554.10

\$11,590,000
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2012

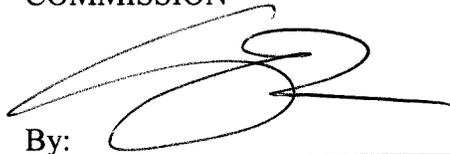
CERTIFICATE OF PAYING AGENT

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, adopted on June 25, 2012.

WITNESS my signature this 2nd day of August, 2012.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION



By: _____
Its: Executive Director

RULE 15c2-12 CERTIFICATE
OF THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

The undersigned hereby certifies and represents to Piper Jaffray & Co. (the “Underwriter”), that she is a duly appointed and acting officer of The Board of Education of the County of Jefferson (the “Board”), authorized to execute and deliver this Certificate and further certifies on behalf of the Board to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the “Rule”), in connection with the offering and sale of The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the “Bonds”).

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of
July, 2012.

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: *B. W. W. W.*
Its: Treasurer

Jefferson County Schools
110 Mordington Avenue
Charles Town, WV 25414
Office of General Counsel
(304) 728-9741

Superintendent:
Susan K. Wall

Board Members:
Peter Dougherty, President
Gary Kable, Vice President
Mariland Lee
Mark Osbourn
Scott Sudduth

July 27, 2012

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302

RE: \$11,590,000 The Board of Education of Jefferson County
(West Virginia) Public School Refunding Bonds, Series 2012

Dear Ms. Boardman:

The Board of Education of Jefferson County at a regular meeting on June 25, 2012, has decided to undertake the necessary steps to refund its Public School Bonds, Series 2004.

The Board levied \$1,784,667 for Fiscal Year (2013) to pay debt service on the Series 2004 Bonds. The Debt Service for the Series 2012 Refunding Bonds for Fiscal Year 2013 will be \$1,661,412.22 plus 5% (\$83,070.61) for a total of \$1,744,482.83. The Board directs the Municipal Bond Commission to transfer \$438,100 (25% of the maximum annual debt service due on the Series 2012 Bonds) to Series 2012 Surplus Funds. The Board wishes to keep the Allowance for delinquent taxes and exonerations to 5%.

The Board requests that the funds currently on deposit and any funds remaining after all taxes collected in fiscal year 2012 for the Series 2004 Bonds less any fees and less the \$438,100 transferred to the Series 2012 Surplus account be transferred to the Board to be used to complete projects approved by the voters for the Series 2004 Bonds.

Sincerely,



Susan Wall
Superintendent

\$11,590,000
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2012

CERTIFICATE OF ESCROW 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. As Executive Director, I am duly authorized to execute and deliver on behalf of the Bond Commission the Escrow Agreement dated August 2, 2012, between The Board of Education of the County of Jefferson (West Virginia) (the "Issuer") and the Bond Commission (the "Escrow Agreement").
3. The Bond Commission has the authority to act as Escrow Agent and for and in connection with the bonds being refunded and has requisite powers to carry out its duties under the Escrow Agreement; and the Escrow Agreement has been duly and validly authorized, executed and delivered by the Bond Commission, and assuming due authorization, execution and delivery thereof by the Board, the Escrow Agreement constitutes a valid and legally binding obligation of the Bond Commission, enforceable in accordance with its terms.
4. By such execution and delivery of the Escrow Agreement, the Bond Commission evidenced its acceptance of, and hereby accepts the duties of Escrow Agent as set forth in the Escrow Agreement and as required by Chapter 13, Article 2 of the West Virginia Code of 1931, as amended.
5. Pursuant to the Escrow Agreement, as of this day there is on deposit in the Escrow Fund established pursuant to the Escrow Agreement, United States government securities in the amount of \$12,679,150.00 and cash in the amount of \$0.64, which will remain invested in the Escrow Fund to pay, when due, the principal of and interest and redemption premium on the Issuer's Public School Bonds, Series 2004, all as set forth in the Escrow Agreement.

WITNESS my signature this 2nd day of August, 2012.



Sara Boardman
Executive Director
West Virginia Municipal Bond Commission

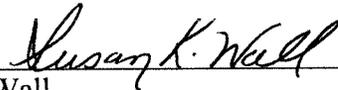
NOTICE OF DEFEASANCE

\$19,000,000 THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA) PUBLIC SCHOOL BONDS, SERIES 2004

TO ALL HOLDERS OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that all the above-captioned Public School Bonds issued by The Board of Education of the County of Jefferson, West Virginia, on behalf of the Jefferson County School District, outstanding on the date hereof in the aggregate principal amount of \$11,750,000, have been refunded on the date hereof and are deemed to have been paid in accordance with the provisions of Chapter 13, Article 2, of the Code of West Virginia, 1931, as amended, and the lien on the ad valorem property taxes in said School District on behalf of such Bonds has been defeased. Sufficient United States government obligations have been transferred and are irrevocably credited to the West Virginia Municipal Bond Commission, as fiduciary, to pay the principal of and interest on such Bonds as the same become due and payable and to pay the Redemption Price of the Bonds on May 1, 2014.

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON



Susan K. Wall
Secretary of the Board

Date: August 2, 2012

ESCROW AGREEMENT

This ESCROW AGREEMENT, made and entered into as of August 2, 2012, by and between THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (WEST VIRGINIA) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent (the "Commission" or the "Escrow Agent").

W I T N E S S E T H T H A T:

WHEREAS, on December 1, 2004, the Issuer issued its Public School Bonds, Series 2004, in the original aggregate principal amount of \$19,000,000, of which \$11,750,000 is presently outstanding (the "Prior Bonds");

WHEREAS, the Issuer has determined to issue its Public School Refunding Bonds, Series 2012 (the "Refunding Bonds"), pursuant to a Resolution and Order adopted and entered on June 25, 2012 (the "Order"), and contemporaneously therewith, legally defease the Prior Bonds by applying a portion of the proceeds of the Refunding Bonds to the purchase of United States government obligations which shall be deposited in the Escrow Fund to be held by the Escrow Trustee as herein described;

WHEREAS, the Commission, as Escrow Agent, will apply a portion of the proceeds of the Refunding Bonds deposited with it in the amount of \$12,679,150 to the purchase of the United States government obligations (the "Government Obligations") and \$0.64 in cash (the "Cash") identified in the Verification Report, dated August 2, 2012, of Grant Thornton LLP, Minneapolis, Minnesota, attached hereto as EXHIBIT A - VERIFICATION REPORT (the "Verification Report"), which Government Obligations and Cash upon receipt thereof by the Escrow Agent shall be deposited into the Escrow Fund herein described;

WHEREAS, the Government Obligations and Cash placed in the Escrow Fund on the date hereof (the "Closing Date") are in such amount as to insure the payment of the accruing interest on the Prior Bonds each November 1 and May 1, commencing November 1, 2012, and the principal of the Prior Bonds accruing each May 1 to and including May 1, 2014 (the "Redemption Date") and to pay the redemption price of the Prior Bonds, which shall equal \$9,302,100 (the "Redemption Price") on the Redemption Date;

WHEREAS, the Issuer has found it desirable to appoint the Commission as Escrow Agent and the Commission has agreed to such appointment for the purposes of holding title, as agent for the Issuer, to the "Government Obligations", disbursing to the registered owner of the Prior Bonds the amounts necessary to pay the accruing interest on the Prior Bonds each May 1 and November 1, commencing November 1, 2012 to and including the Redemption Date, together with the amounts necessary to pay the maturing principal of the Prior Bonds each May 1, commencing May 1, 2013, to and including the Redemption Date, and to pay the Redemption Price to the registered owner of the Prior Bonds on the Redemption Date; and

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

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

1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent, to be maintained in a separate and discrete deposit account, an irrevocable trust fund to be known as the Escrow Fund, to be held in the custody of the Escrow Agent, separate and apart from all other funds of the Issuer and the Escrow Agent. The deposit of the Government Obligations and the Cash in the Escrow Fund (for convenience, unless the context provides otherwise, the Government Obligations and Cash shall be collectively referred to as the "Government Obligations") shall constitute an irrevocable deposit of said Government Obligations in trust for the payment of the principal of and interest on the Prior Bonds on the due dates thereof and to pay the Redemption Price of the Prior Bonds on the Redemption Date, all in accordance with paragraph 4 hereof.

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

3. Deposits to Escrow Fund. Concurrently with the delivery of the Refunding Bonds, the Issuer and the Escrow Agent shall cause \$12,679,150.64 to be deposited in the Escrow Fund, and the Escrow Agent will thereupon immediately use such funds to purchase the Government Obligations leaving \$0.64 in Cash. According to the Verification Report, the maturity Government Obligations will be sufficient to insure the payment of the accruing interest on the Prior Bonds each November 1 and May 1, commencing November 1, 2012, and the principal of the Prior Bonds accruing each May 1 to and including the Redemption Date and to pay the Redemption Price of the Prior Bonds on the Redemption Date and the Escrow Agent covenants to apply the proceeds of the Government Obligations as they mature to such payments. The securities in the Escrow Fund, shall be applied solely as Grant Thornton LLP, has certified, in its Verification Report, attached hereto as EXHIBIT A, so that the Government Obligations in the Escrow Fund will be sufficient to make the payments as herein required.

4. Application of Escrow Fund. The Escrow Agent, without further authorization from the Issuer, shall apply proceeds of the Government Obligations as they mature directly to the payment to the Registered Owner of the Prior Bonds of accrued interest on the Prior Bonds on each November 1 and May 1, commencing November 1, 2012, to the payment to the Registered Owner of the Prior Bonds of the maturing principal of the Prior Bonds each May 1, commencing May 1, 2013 to and including the Redemption Date and to pay to the Registered Owner of the Prior Bonds the Redemption Price of the Prior Bonds on the Redemption Date.

The Government Obligations, in the Escrow Fund shall, and the Escrow Agent agrees such Government Obligations will, be used solely for the purpose as above described and the deposit of such Government Obligations into the Escrow Fund shall be irrevocable, and the Escrow Agent agrees it will not surrender or otherwise attempt to redeem or otherwise negotiate the Government Obligations in the Escrow Fund. Subject to the foregoing requirements for the

use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Funds therein and that the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the Government Obligations therein.

5. Deposit to Special Surplus Account. Concurrently with the delivery of the Refunding Bonds funds on deposit in the Surplus Collections Account for the Prior Bonds shall be transferred by the Commission to the Special Surplus Account. On the Closing Date, or as soon thereafter as possible, a portion of such deposit in the amount of approximately \$1,022,641.10, and additional 2012 levies, if any, shall be paid from the Escrow Agent to the Issuer, and used by the Issuer to pay costs of projects which were approved by the voters in the Jefferson County School District pursuant to the bond election which was held for the Prior Bonds on May 11, 2004. The funds on deposit in the Special Surplus Account shall not be pledged to the repayment of the Prior Bonds or the Refunding Bonds.

6. Lien of Prior Bonds. The holders of the Prior Bonds shall have an express lien on all moneys and securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement. The holders of the Refunding Bonds shall have no lien on the moneys and securities in the Escrow Fund.

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

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

9. Beneficiaries of This Escrow Agreement. This Escrow Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Escrow Agent and their respective successors and assigns, subject to the provisions of this Escrow Agreement. In addition, this Escrow Agreement shall constitute a third party beneficiary contract for the benefit of the registered owners of the Prior Bonds. Said third party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if such third party

beneficiaries were parties hereto. In the event the Escrow Agent is unwilling or unable to continue to serve as Escrow Agent, a successor Escrow Agent may be appointed by the Issuer which shall be any national banking association or any state bank within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers. Any bank into which such successor Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, unless the Issuer disapproves in writing, be the successor Escrow Agent without the execution of any document or the performance of any further act. In the event the Issuer disapproves of the successor Escrow Agent resulting from any of the events described above, the Issuer shall immediately appoint any state bank or national banking association within the State of West Virginia which is an institution insured by the Federal Deposit Insurance Corporation and which has trust powers to be the successor Escrow Agent, whereupon such successor Escrow Agent shall immediately succeed to the respective agreements and covenants hereunder.

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

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

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

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

Prior Bonds or any proceedings taken in connection therewith, as they are made solely by the Issuer.

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

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

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

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

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

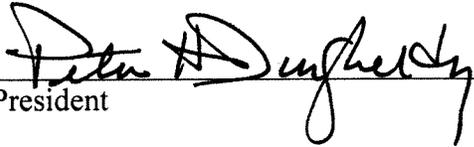
17. Notices. Unless otherwise required herein, any notices, requests, complaints, demands, communications or other papers shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, telecopy or telex (or telephone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

The Issuer: The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414
ATTN: President

The Escrow Agent: West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
ATTN: Executive Director

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

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

By: 
Its: President

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: 
Its: Executive Director

EXHIBIT A - VERIFICATION REPORT

[See Closing Item C-4 at Tab 16]



**U.S. Treasury Securities
SLGS Time
Statement of Account**

Report ID: SZR08702T
Date/Time: 08/02/2012 04:18 PM EDT
Page: 1 of 1

Treasury Case Number: 201204782

Issue Date: 08/02/2012

State or Local Government Body
55-6000334
The Board of Education of the County of Jefferson (West Virginia)
110 Mordington Avenue
Charles Town, WV 25414

Underlying Bond Issue
Public School Refunding Bonds, Series 2012

Contact Name: Beth Marrone
Telephone: 304-725-7664
Fax: 304-724-5311

Trustee Bank
011001234
West Virginia Municipal Bond Commission
1207 Quarrier St.
Suite 401
Charleston, WV 25301

Contact Name: Sara Boardman
Telephone: 304-558-3971
Fax: 304-558-1280

ACH Institution
011001234
West Virginia Municipal Bond Commission
1207 Quarrier St.
Suite 401
Charleston, WV 25301

Contact Name: Sara Boardman
Telephone: 304-558-3971
Fax: 304-558-1280

ACH Instructions
Direct Deposit Account Name: WVBTI - WVBF0015002
Direct Deposit Account Number: 048771
Direct Deposit Account Type: CHECKING
Direct Deposit Routing Number: 011001234

Account Questions?
Special Investments Branch
Bureau of the Public Debt
200 3rd St.
P.O. Box 396
Parkersburg, WV 26106-0396

Telephone: 304-480-5299
Internet Address: <http://www.slgs.gov/>
Email Address: OPDA-SIB@bpd.treas.gov
Fax: 304-480-5277

Description of Securities

Security Number	Principal Outstanding	Interest Rate	First Interest Payment Date	Maturity Date	First Interest Payment	Semi-Annual Interest Payment	Principal Paid
1	\$224,912.00	0.080000000%	11/01/2012	11/01/2012	\$44.74		\$0.00
2	\$1,458,552.00	0.130000000%	05/01/2013	05/01/2013	\$1,413.00		\$0.00
3	\$196,714.00	0.160000000%	11/01/2012	11/01/2013	\$77.83	\$157.37	\$0.00
4	\$10,798,972.00	0.180000000%	11/01/2012	05/01/2014	\$4,806.72	\$9,719.07	\$0.00
Total:	\$12,679,150.00						\$0.00

Cash Flow and Yield Verification Report

**The Board of Education of the County of Jefferson
(West Virginia)**

August 2, 2012

Contents

Letter

Exhibit A Schedule of Sources and Uses of Funds

Exhibit B Escrow Account Cash Flow

Exhibit B-1 Cash Receipts From and Yield on the SLGS

Exhibit B-2 Debt Service Payments on the Refunded Bonds and
Debt Service Payments to Maturity on the Refunded Bonds

Exhibit C Debt Service Payments and Yield on the Bonds

Exhibit C-1 Original Issue Premium on the Bonds

Exhibit C-2 Calculation of the True Interest Cost Yield

Exhibit D Net Present Value Savings

Appendix I Applicable schedules provided by Piper Jaffray & Co.



Grant Thornton

Report of Independent Certified Public Accountants On Applying Agreed-Upon Procedures

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia

Bowles Rice McDavid Graff & Love, LLP
600 Quarrier Street
Charleston, West Virginia

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, West Virginia

\$11,590,000

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012
Dated August 2, 2012

We have performed the procedures described in this report, which were agreed to by The Board of Education of the County of Jefferson (West Virginia) (the "Board") and Piper Jaffray & Co. (the "Underwriter"), to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Underwriter. The Underwriter is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issue (the "Bonds") for the purpose of refunding the Board's outstanding Public School Bonds, Series 2004 (the "Refunded Bonds") as summarized on the next page. This engagement was performed in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees of this report who are the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in this report either for the purpose for which this report has been requested or for any other purpose.

Audit • Tax • Advisory

Grant Thornton LLP

200 S 6th Street, Suite 500
Minneapolis, MN 55402-1459

T 612.332.0001

F 612.332.8361

www.GrantThornton.com

<u>Series</u>	<u>Principal Issued</u>	<u>Dated</u>	<u>Principal Refunded</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2004	\$19,000,000	December 1, 2004	\$11,750,000	5-1-13 to 5-1-20	5-1-14	101%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Underwriter provided us with schedules (Appendix I) summarizing future escrow account cash receipts and disbursements. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal, interest and redemption premium on the Refunded Bonds assuming the Refunded Bonds maturing on and after May 1, 2015 will be redeemed on May 1, 2014 at 101 percent of par plus accrued interest.

The attached Exhibit A (Schedule of Sources and Uses of Funds) was compiled based upon information provided by the Underwriter.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-2 independently calculating future escrow account cash receipts and disbursements and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated July 19, 2012, and Schedule of U.S. Treasury Securities provided by the Underwriter used to acquire certain United States Treasury Securities - State and Local Government Series (the "SLGS") insofar as the SLGS are described as to the principal amounts, interest rates, maturity dates, issuance date and first interest payment date; and
- Official Statement for the Refunded Bonds provided by the Underwriter insofar as the Refunded Bonds are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption date and price.

In addition, we compared the interest rates for each maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rates shown on the Department of Treasury, Bureau of Public Debt, SLGS Table for use on July 19, 2012 and found that the interest rates were equal to the maximum allowable interest rates for each maturity.

Our procedures, as summarized in Exhibits B through B-2, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing future escrow account cash receipts and disbursements. The schedules provided by the Underwriter and those prepared by us reflect that the anticipated receipts from the SLGS, together with an initial cash deposit of \$0.64 to be deposited into the escrow account on August 2, 2012, will be sufficient to pay, when due, the principal, interest and redemption premium related to the Refunded Bonds assuming the Refunded Bonds maturing on and after May 1, 2015 will be redeemed on May 1, 2014 at 101 percent of par plus accrued interest.

VERIFICATION OF YIELDS

The Underwriter provided us with schedules (Appendix I) which indicate that the yield on the cash receipts from the SLGS is less than the yield on the Bonds. These schedules were prepared based on the assumed settlement date of August 2, 2012 using a 360-day year with interest compounded semi-annually. The term “yield”, as used herein, means that yield which, when used in computing the present value of all payments of principal and interest to be paid or received on an obligation produces an amount equal to, in the case of the cash receipts from the SLGS, the purchase price, and in the case of the Bonds, the issue price.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B-1 and C independently calculating the yields on (i) the cash receipts from the SLGS calculated on Exhibit B-1, and (ii) the Bonds using the Official Statement provided by the Underwriter insofar as the Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates and issue price to the public. The results of our calculations, based on the aforementioned assumptions, are summarized below:

	<u>Yield</u>	<u>Exhibit</u>
• Yield on the cash receipts from the SLGS	0.176784%	B-1
• Yield on the Bonds	1.441762%	C

Our procedures, as summarized in Exhibits B-1 and C, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the yields. The schedules provided by the Underwriter and those prepared by us reflect that the yield on the cash receipts from the SLGS is less than the yield on the Bonds.

VERIFICATION OF NET PRESENT VALUE SAVINGS

The Underwriter provided us with schedules (Appendix I) which indicate the net present value savings arising from the refunding of the Refunded Bonds. As part of our engagement to recalculate the schedules attached as Appendix I we prepared a schedule attached hereto as Exhibit D independently calculating the net present value savings using the information contained in the Official Statements for the Bonds and the Refunded Bonds and certain information and assumptions provided by the Underwriter. We express no opinion as to the reasonableness of these assumptions.

Our procedures, as summarized in Exhibit D, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the net present value savings. The schedules provided by the Underwriter and the schedule prepared by us reflect that the net present value savings arising from the refunding of the Refunded Bonds, using as a discount rate the True Interest Cost yield of 1.778023% as shown on Exhibit C-2, is \$289,697.22.

* * * * *

We were not engaged to, and did not, perform an examination or a review in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion or limited assurance on the items referred to above. Accordingly we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Deant Thornton LLP

Minneapolis, Minnesota
August 2, 2012

The Board of Education of the
County of Jefferson (West Virginia)

SCHEDULE OF SOURCES AND USES OF FUNDS

August 2, 2012

SOURCES:

Principal amount of the Bonds	\$11,590,000.00
Original issue premium	<u>1,266,554.10</u>
	<u>\$12,856,554.10</u>

USES:

Purchase price of the SLGS	\$12,679,150.00
Beginning cash deposit to the escrow account	0.64
Costs of issuance	84,453.46
Underwriter's discount	<u>92,950.00</u>
	<u>\$12,856,554.10</u>

The Board of Education of the
County of Jefferson (West Virginia)

ESCROW ACCOUNT CASH FLOW

<u>Dates</u>	<u>Cash receipts from SLGS (Exhibit B-1)</u>	<u>Debt service payments on Refunded Bonds (Exhibit B-2)</u>	<u>Cash balance</u>
Cash deposit on August 2, 2012			\$0.64
11-01-12	\$229,841.41	\$229,841.25	0.80
05-01-13	1,469,841.44	1,469,841.25	0.99
11-01-13	206,590.44	206,591.25	0.18
05-01-14	10,808,691.07	10,808,691.25	0.00
	<u>\$12,714,964.36</u>	<u>\$12,714,965.00</u>	

**The Board of Education of the
County of Jefferson (West Virginia)**

CASH RECEIPTS FROM AND YIELD ON THE SLGS

<u>Receipt date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Cash receipts from SLGS</u>	<u>Present value on August 2, 2012 using a yield of 0.176784%</u>
11-01-12	\$224,912	0.080%	\$4,929.41	\$229,841.41	\$229,741.02
05-01-13	1,458,552	0.130%	11,289.44	1,469,841.44	1,467,901.97
11-01-13	196,714	0.160%	9,876.44	206,590.44	206,135.63
05-01-14	10,798,972	0.180%	9,719.07	10,808,691.07	10,775,371.37
	<u>\$12,679,150</u>		<u>\$35,814.36</u>	<u>\$12,714,964.36</u>	<u>\$12,679,150.00</u>
Purchase price of the SLGS					<u>\$12,679,150.00</u>

The sum of the present values of the cash receipts from the SLGS on August 2, 2012, using a yield of 0.176784%, is equal to the purchase price of the SLGS.

The Board of Education of the
County of Jefferson (West Virginia)

DEBT SERVICE PAYMENTS ON THE REFUNDED BONDS AND
DEBT SERVICE PAYMENTS TO MATURITY ON THE REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Premium</u>	<u>Debt service payments</u>
11-01-12			\$229,841.25		\$229,841.25
05-01-13	\$1,240,000	3.750%	229,841.25		1,469,841.25
11-01-13			206,591.25		206,591.25
05-01-14	10,510,000	(1)	206,591.25	\$92,100.00	10,808,691.25
	<u>\$11,750,000</u>		<u>\$872,865.00</u>	<u>\$92,100.00</u>	<u>\$12,714,965.00</u>

(1) Actual maturity dates, principal amounts and interest rates are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments to maturity</u>
11-01-12			\$229,841.25	\$229,841.25
05-01-13	\$1,240,000	3.750%	229,841.25	1,469,841.25
11-01-13			206,591.25	206,591.25
05-01-14	1,300,000	3.750%	206,591.25	1,506,591.25
11-01-14			182,216.25	182,216.25
05-01-15	1,365,000	3.750%	182,216.25	1,547,216.25
11-01-15			156,622.50	156,622.50
05-01-16	1,425,000	3.800%	156,622.50	1,581,622.50
11-01-16			129,547.50	129,547.50
05-01-17	1,495,000	3.900%	129,547.50	1,624,547.50
11-01-17			100,395.00	100,395.00
05-01-18	1,565,000	4.000%	100,395.00	1,665,395.00
11-01-18			69,095.00	69,095.00
05-01-19	1,640,000	4.100%	69,095.00	1,709,095.00
11-01-19			35,475.00	35,475.00
05-01-20	1,720,000	4.125%	35,475.00	1,755,475.00
	<u>\$11,750,000</u>		<u>\$2,219,567.50</u>	<u>\$13,969,567.50</u>

The Board of Education of the
County of Jefferson (West Virginia)

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

Date	\$11,590,000 issue dated August 2, 2012			Total debt service	Present value on August 2, 2012 using a yield of 1.441762%
	Principal	Interest rate	Interest		
11-01-12			\$114,612.22	\$114,612.22	\$114,205.89
05-01-13	\$1,315,000	4.000%	231,800.00	1,546,800.00	1,530,284.64
11-01-13			205,500.00	205,500.00	201,850.75
05-01-14	1,265,000	4.000%	205,500.00	1,470,500.00	1,434,049.21
11-01-14			180,200.00	180,200.00	174,475.44
05-01-15	1,330,000	4.000%	180,200.00	1,510,200.00	1,451,758.78
11-01-15			153,600.00	153,600.00	146,599.23
05-01-16	1,390,000	4.000%	153,600.00	1,543,600.00	1,462,701.59
11-01-16			125,800.00	125,800.00	118,353.77
05-01-17	1,465,000	4.000%	125,800.00	1,590,800.00	1,485,927.13
11-01-17			96,500.00	96,500.00	89,493.14
05-01-18	1,535,000	4.000%	96,500.00	1,631,500.00	1,502,207.68
11-01-18			65,800.00	65,800.00	60,151.89
05-01-19	1,605,000	4.000%	65,800.00	1,670,800.00	1,516,450.83
11-01-19			33,700.00	33,700.00	30,367.86
05-01-20	1,685,000	4.000%	33,700.00	1,718,700.00	1,537,676.27
	<u>\$11,590,000</u>		<u>\$2,068,612.22</u>	<u>\$13,658,612.22</u>	<u>\$12,856,554.10</u>

The present value of the future payments is equal to:

Principal amount of the Bonds	\$11,590,000.00
Original issue premium	1,266,554.10
	<u>\$12,856,554.10</u>

The sum of the present values of the debt service payments of the Bonds on August 2, 2012, using a yield of 1.441762%, is equal to the issue price of the Bonds.

The Board of Education of the
County of Jefferson (West Virginia)

ORIGINAL ISSUE PREMIUM ON THE BONDS

<u>Maturity date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Yield</u>	<u>Initial public offering price</u>	<u>Original issue premium</u>
05-01-13	\$1,315,000	4.000%	0.470%	102.629%	\$34,571.35
05-01-14	1,265,000	4.000%	0.660%	105.791%	73,256.15
05-01-15	1,330,000	4.000%	0.830%	108.591%	114,260.30
05-01-16	1,390,000	4.000%	0.980%	111.083%	154,053.70
05-01-17	1,465,000	4.000%	1.210%	112.832%	187,988.80
05-01-18	1,535,000	4.000%	1.470%	113.892%	213,242.20
05-01-19	1,605,000	4.000%	1.690%	114.669%	235,437.45
05-01-20	1,685,000	4.000%	1.900%	115.059%	253,744.15
	<u>\$11,590,000</u>				<u>\$1,266,554.10</u>

The Board of Education of the
County of Jefferson (West Virginia)

CALCULATION OF THE TRUE INTEREST COST YIELD

Date	\$11,590,000 issue dated August 1, 2012			Total debt service	Present value on August 2, 2012 using a yield of 1.778023%
	Principal	Interest rate	Interest		
11-01-12			\$114,612.22	\$114,612.22	\$114,111.75
05-01-13	\$1,315,000	4.000%	231,800.00	1,546,800.00	1,526,475.08
11-01-13			205,500.00	205,500.00	201,012.71
05-01-14	1,265,000	4.000%	205,500.00	1,470,500.00	1,425,715.43
11-01-14			180,200.00	180,200.00	173,172.43
05-01-15	1,330,000	4.000%	180,200.00	1,510,200.00	1,438,515.52
11-01-15			153,600.00	153,600.00	145,019.84
05-01-16	1,390,000	4.000%	153,600.00	1,543,600.00	1,444,531.85
11-01-16			125,800.00	125,800.00	116,688.79
05-01-17	1,465,000	4.000%	125,800.00	1,590,800.00	1,462,581.92
11-01-17			96,500.00	96,500.00	87,940.32
05-01-18	1,535,000	4.000%	96,500.00	1,631,500.00	1,473,682.63
11-01-18			65,800.00	65,800.00	58,911.34
05-01-19	1,605,000	4.000%	65,800.00	1,670,800.00	1,482,701.13
11-01-19			33,700.00	33,700.00	29,642.52
05-01-20	1,685,000	4.000%	33,700.00	1,718,700.00	1,498,447.37
	<u>\$11,590,000</u>		<u>\$2,068,612.22</u>	<u>\$13,658,612.22</u>	<u>\$12,679,150.64</u>

The present value of the future payments is equal to:

Principal amount of the Bonds	\$11,590,000.00
Original issue premium	1,266,554.10
Underwriter's discount	(92,950.00)
Costs of issuance	(84,453.46)
	<u>\$12,679,150.64</u>

The sum of the present values of the debt service payments of the Bonds on August 2, 2012, using a yield of 1.778023%, is equal to the issue price of the Bonds adjusted for the Underwriter's discount and the costs of issuance.

**The Board of Education of the
County of Jefferson (West Virginia)**

NET PRESENT VALUE SAVINGS

<u>Date</u>	<u>Total debt service to maturity on the Refunded Bonds (Exhibit B-2)</u>	<u>Total debt service on the Bonds (Exhibit C)</u>	<u>Difference</u>	<u>Present value on August 2, 2012 using a yield of 1.778023%</u>
11-01-12	\$229,841.25	\$114,612.22	\$115,229.03	\$114,725.86
05-01-13	1,469,841.25	1,546,800.00	(76,958.75)	(75,947.51)
11-01-13	206,591.25	205,500.00	1,091.25	1,067.42
05-01-14	1,506,591.25	1,470,500.00	36,091.25	34,992.08
11-01-14	182,216.25	180,200.00	2,016.25	1,937.62
05-01-15	1,547,216.25	1,510,200.00	37,016.25	35,259.20
11-01-15	156,622.50	153,600.00	3,022.50	2,853.66
05-01-16	1,581,622.50	1,543,600.00	38,022.50	35,582.22
11-01-16	129,547.50	125,800.00	3,747.50	3,476.08
05-01-17	1,624,547.50	1,590,800.00	33,747.50	31,027.46
11-01-17	100,395.00	96,500.00	3,895.00	3,549.51
05-01-18	1,665,395.00	1,631,500.00	33,895.00	30,616.29
11-01-18	69,095.00	65,800.00	3,295.00	2,950.04
05-01-19	1,709,095.00	1,670,800.00	38,295.00	33,983.74
11-01-19	35,475.00	33,700.00	1,775.00	1,561.29
05-01-20	1,755,475.00	1,718,700.00	36,775.00	32,062.26
	<u>\$13,969,567.50</u>	<u>\$13,658,612.22</u>	<u>\$310,955.28</u>	<u>\$289,697.22</u>
Net present value savings				<u>\$289,697.22</u>

APPENDIX I

**Applicable schedules provided by
Piper Jaffray & Co.**

SOURCES AND USES OF FUNDS

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Dated Date 08/02/2012
Delivery Date 08/02/2012

Sources:

Bond Proceeds:	
Par Amount	11,590,000.00
Premium	1,266,554.10
	<hr/>
	12,856,554.10

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.64
SLGS Purchases	12,679,150.00
	<hr/>
	12,679,150.64

Cost of Issuance:

Bond Counsel	30,000.00
Underwriter's Counsel	30,000.00
Rating Agency (S&P)	13,000.00
Registrar / Paying Agent	650.00
Escrow Agent	2,200.00
CUSIP Assignment	313.00
Verification Agent	3,500.00
Official Statement Printing	2,000.00
Miscellaneous	2,790.46
	<hr/>
	84,453.46

Delivery Date Expenses:

Underwriter's Discount	92,950.00
	<hr/>
	12,856,554.10

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

ESCROW COST

The Board of Education of the
 County of Jefferson (West Virginia)
 Public School Refunding Bonds, Series 2012

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	11/01/2012	224,912	0.080%	224,912.00
SLGS	05/01/2013	1,458,552	0.130%	1,458,552.00
SLGS	11/01/2013	196,714	0.160%	196,714.00
SLGS	05/01/2014	10,798,972	0.180%	10,798,972.00
		12,679,150		12,679,150.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
08/02/2012	12,679,150	0.64	12,679,150.64	0.176784%
	12,679,150	0.64	12,679,150.64	

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

ESCROW DESCRIPTIONS

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Aug 2, 2012:						
SLGS	Certificate	11/01/2012	11/01/2012	224,912	0.080%	0.080%
SLGS	Certificate	05/01/2013	05/01/2013	1,458,552	0.130%	0.130%
SLGS	Note	11/01/2013	11/01/2012	196,714	0.160%	0.160%
SLGS	Note	05/01/2014	11/01/2012	10,798,972	0.180%	0.180%
				12,679,150		

SLGS Summary

SLGS Rates File	19JUL12
Total Certificates of Indebtedness	1,683,464.00
Total Notes	10,995,686.00
Total original SLGS	12,679,150.00

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

ESCROW STATISTICS

The Board of Education of the
 County of Jefferson (West Virginia)
 Public School Refunding Bonds, Series 2012

	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	12,679,150.64	1.595	0.176784%	0.176784%	12,426,861.75	252,288.87	0.02
	12,679,150.64				12,426,861.75	252,288.87	0.02

Delivery date 08/02/2012
 Arbitrage yield 1.441762%

Notes:
 FINAL
 Based on market conditions as of July 19, 2012.
 'AA' Rated by Standard & Poor's.

ESCROW REQUIREMENTS

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Period Ending	Principal	Interest	Principal Redeemed	Redemption Premium	Total
11/01/2012		229,841.25			229,841.25
05/01/2013	1,240,000.00	229,841.25			1,469,841.25
11/01/2013		206,591.25			206,591.25
05/01/2014	1,300,000.00	206,591.25	9,210,000.00	92,100.00	10,808,691.25
	2,540,000.00	872,865.00	9,210,000.00	92,100.00	12,714,965.00

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

SUMMARY OF BONDS REFUNDED

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2004 2012

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2004:					
SERIAL	05/01/2013	3.750%	1,240,000.00		
	05/01/2014	3.750%	1,300,000.00		
	05/01/2015	3.750%	1,365,000.00	05/01/2014	101.000
	05/01/2016	3.800%	1,425,000.00	05/01/2014	101.000
	05/01/2017	3.900%	1,495,000.00	05/01/2014	101.000
	05/01/2018	4.000%	1,565,000.00	05/01/2014	101.000
	05/01/2019	4.100%	1,640,000.00	05/01/2014	101.000
	05/01/2020	4.125%	1,720,000.00	05/01/2014	101.000
			11,750,000.00		

Notes:
FINAL
Based on market conditions as of July 19, 2012.
'AA' Rated by Standard & Poor's.

BOND DEBT SERVICE

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/01/2012			114,612.22	114,612.22	
05/01/2013	1,315,000	4.000%	231,800.00	1,546,800.00	1,661,412.22
11/01/2013			205,500.00	205,500.00	
05/01/2014	1,265,000	4.000%	205,500.00	1,470,500.00	1,676,000.00
11/01/2014			180,200.00	180,200.00	
05/01/2015	1,330,000	4.000%	180,200.00	1,510,200.00	1,690,400.00
11/01/2015			153,600.00	153,600.00	
05/01/2016	1,390,000	4.000%	153,600.00	1,543,600.00	1,697,200.00
11/01/2016			125,800.00	125,800.00	
05/01/2017	1,465,000	4.000%	125,800.00	1,590,800.00	1,716,600.00
11/01/2017			96,500.00	96,500.00	
05/01/2018	1,535,000	4.000%	96,500.00	1,631,500.00	1,728,000.00
11/01/2018			65,800.00	65,800.00	
05/01/2019	1,605,000	4.000%	65,800.00	1,670,800.00	1,736,600.00
11/01/2019			33,700.00	33,700.00	
05/01/2020	1,685,000	4.000%	33,700.00	1,718,700.00	1,752,400.00
	11,590,000		2,068,612.22	13,658,612.22	13,658,612.22

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

PROOF OF ARBITRAGE YIELD

The Board of Education of the
 County of Jefferson (West Virginia)
 Public School Refunding Bonds, Series 2012

Date	Debt Service	Present Value to 08/02/2012 @ 1.4417620%
11/01/2012	114,612.22	114,205.89
05/01/2013	1,546,800.00	1,530,284.64
11/01/2013	205,500.00	201,850.75
05/01/2014	1,470,500.00	1,434,049.21
11/01/2014	180,200.00	174,475.44
05/01/2015	1,510,200.00	1,451,758.78
11/01/2015	153,600.00	146,599.23
05/01/2016	1,543,600.00	1,462,701.59
11/01/2016	125,800.00	118,353.77
05/01/2017	1,590,800.00	1,485,927.13
11/01/2017	96,500.00	89,493.14
05/01/2018	1,631,500.00	1,502,207.68
11/01/2018	65,800.00	60,151.89
05/01/2019	1,670,800.00	1,516,450.83
11/01/2019	33,700.00	30,367.86
05/01/2020	1,718,700.00	1,537,676.27
	<u>13,658,612.22</u>	<u>12,856,554.10</u>

Proceeds Summary

Delivery date	08/02/2012
Par Value	11,590,000.00
Premium (Discount)	1,266,554.10
Target for yield calculation	<u>12,856,554.10</u>

Notes:

FINAL

Based on market conditions as of July 19, 2012.

'AA' Rated by Standard & Poor's.

BOND PRICING

The Board of Education of the
 County of Jefferson (West Virginia)
 Public School Refunding Bonds, Series 2012

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:							
	05/01/2013	473664DJ6	1,315,000	4.000%	0.470%	102.629	34,571.35
	05/01/2014	473664DK3	1,265,000	4.000%	0.660%	105.791	73,256.15
	05/01/2015	473664DL1	1,330,000	4.000%	0.830%	108.591	114,260.30
	05/01/2016	473664DM9	1,390,000	4.000%	0.980%	111.083	154,053.70
	05/01/2017	473664DN7	1,465,000	4.000%	1.210%	112.832	187,988.80
	05/01/2018	473664DP2	1,535,000	4.000%	1.470%	113.892	213,242.20
	05/01/2019	473664DQ0	1,605,000	4.000%	1.690%	114.669	235,437.45
	05/01/2020	473664DR8	1,685,000	4.000%	1.900%	115.059	253,744.15
			11,590,000				1,266,554.10

Dated Date	08/02/2012	
Delivery Date	08/02/2012	
First Coupon	11/01/2012	
Par Amount	11,590,000.00	
Premium	1,266,554.10	
Production	12,856,554.10	110.927991%
Underwriter's Discount	(92,950.00)	(0.801984%)
Purchase Price	12,763,604.10	110.126006%
Accrued Interest		
Net Proceeds	12,763,604.10	

Notes:
 FINAL
 Based on market conditions as of July 19, 2012.
 'AA' Rated by Standard & Poor's.

BOND SUMMARY STATISTICS

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Dated Date	08/02/2012
Delivery Date	08/02/2012
Last Maturity	05/01/2020
Arbitrage Yield	1.441762%
True Interest Cost (TIC)	1.617113%
Net Interest Cost (NIC)	1.730645%
All-In TIC	1.778023%
Average Coupon	4.000000%
Average Life (years)	4.462
Duration of Issue (years)	4.165
Par Amount	11,590,000.00
Bond Proceeds	12,856,554.10
Total Interest	2,068,612.22
Net Interest	895,008.12
Total Debt Service	13,658,612.22
Maximum Annual Debt Service	1,752,400.00
Average Annual Debt Service	1,763,033.49
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Management Fee	2.588438
Other Fee	0.431406
Total Underwriter's Discount	8.019845
Bid Price	110.126006

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	11,590,000.00	110.928	4.000%	4.462
	11,590,000.00			4.462

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,590,000.00	11,590,000.00	11,590,000.00
+ Accrued Interest			
+ Premium (Discount)	1,266,554.10	1,266,554.10	1,266,554.10
- Underwriter's Discount	(92,950.00)	(92,950.00)	
- Cost of Issuance Expense		(84,453.46)	
- Other Amounts			
Target Value	12,763,604.10	12,679,150.64	12,856,554.10
Target Date	08/02/2012	08/02/2012	08/02/2012
Yield	1.617113%	1.778023%	1.441762%

Notes:
FINAL
Based on market conditions as of July 19, 2012.
'AA' Rated by Standard & Poor's.

SAVINGS

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/02/2012 @ 1.7780230%
05/01/2013	1,699,682.50	1,661,412.22	38,270.28	38,778.35
05/01/2014	1,713,182.50	1,676,000.00	37,182.50	36,059.50
05/01/2015	1,729,432.50	1,690,400.00	39,032.50	37,196.82
05/01/2016	1,738,245.00	1,697,200.00	41,045.00	38,435.88
05/01/2017	1,754,095.00	1,716,600.00	37,495.00	34,503.54
05/01/2018	1,765,790.00	1,728,000.00	37,790.00	34,165.80
05/01/2019	1,778,190.00	1,736,600.00	41,590.00	36,933.79
05/01/2020	1,790,950.00	1,752,400.00	38,550.00	33,623.55
	13,969,567.50	13,658,612.22	310,955.28	289,697.23

Savings Summary

Dated Date	08/02/2012
Delivery Date	08/02/2012
PV of savings from cash flow	289,697.23
Net PV Savings	289,697.23

Notes:

FINAL

Based on market conditions as of July 19, 2012.

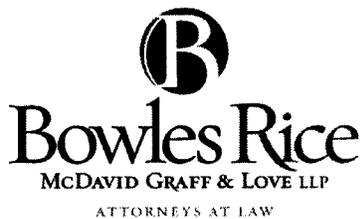
'AA' Rated by Standard & Poor's.

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August 2, 2012

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The Board of Education of the
County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414

Piper Jaffray & Co.
Charleston, West Virginia

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies & Gentlemen:

We have examined a record of proceedings relating to the issuance by The Board of Education of The County of Jefferson (the "Issuer") of its \$11,590,000 in aggregate principal amount of Public School Refunding Bonds, Series 2012 (the "Bonds") and served as bond counsel to the Issuer in connection with the issuance of such Bonds.

The Bonds 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 2 of the West Virginia Code of 1931, as amended (the "Refunding Act") and a Resolution and Order duly adopted by the Issuer on June 25, 2012 (the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Bonds are issued in fully registered form, are dated August 2, 2012, upon original issuance, are represented by a single bond for each maturity, numbered R-1 to R-8, inclusive, with interest payable on each May 1 and November 1, commencing November 1, 2012, and principal installments payable each May 1, commencing May 1, 2013, and continuing until the maturity thereof, being May 1, 2020.

The Resolution provides that the issue is for the purposes of providing funds to pay costs necessary to advance refund all of the Issuer's Outstanding Public School Bonds, Series 2004, dated December 1, 2004 (the "Prior Bonds"), originally issued in the aggregate principal amount of \$19,000,000, of which \$11,750,000 is presently outstanding, and to pay costs of issuance of the

The Board of Education of the County of Jefferson
August 2, 2012
Page 2

Bonds and other costs in connection with such refunding. Issuance of the Prior Bonds was approved by the voters of the Jefferson County School District (the "District") at an election held in the District on May 11, 2004, for the purpose of financing costs of improving, constructing, erecting, renovating, furnishing and equipping certain new and existing school facilities in the District.

The Bonds have been sold to Piper Jaffray & Co., Charleston, West Virginia (the "Purchaser") pursuant to a Bond Purchase Agreement dated July 19, 2012, by and between the Issuer and the Purchaser (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution, the Bond Purchase Agreement and the Escrow Agreement, dated August 2, 2012, by and between the Issuer and the West Virginia Municipal Bond Commission, as escrow agent (the "Escrow Agreement") and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer contained in the Resolution, the Bond Purchase Agreement, the Escrow Agreement and the Tax and Non-Arbitrage Certificate of the Issuer dated the date hereof (the "Tax Certificate") and in certain other certificates delivered in connection herewith and the covenants of the Bond Commission contained in the Escrow Agreement, we are of the opinion, under existing law, that:

(1) The Issuer is a duly organized and validly existing statutory corporation charged with the supervision and control of the District, which is a validly existing political subdivision of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Escrow Agreement and the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Refunding Act and other applicable provisions of law.

(2) The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Escrow Agreement and the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

(3) Assuming due authorization, execution and delivery by the other parties thereto, the Escrow Agreement and the Bond Purchase Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable general obligations of the Issuer, the principal of and interest on which, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

The Board of Education of the County of Jefferson
August 2, 2012
Page 3

(4) Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as amended (the "Code"), and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed under the Code upon individuals and corporations. Under the Code, however, interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Resolution and the Tax Certificate. The Issuer has covenanted to comply with each such requirements. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 5 below, we express no opinion regarding other tax consequences arising with respect to the Bonds.

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

(6) The Prior Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Issuer to the holders and owners of such Prior Bonds have been satisfied and discharged.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the liens, pledges, rights or remedies with respect to the Bonds, the Resolution, the Escrow Agreement and the Bond Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Bowles Rice / David Graff & Love LLP

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August 2, 2012

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(304) 594-1000

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414

Piper Jaffray & Co.
405 Capital Street
Charleston, West Virginia 25301

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Board of Education of the County of Jefferson (West Virginia) (the "Board") of its \$11,590,000 aggregate principal amount of Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2012 Bonds and the exclusion of interest on the Series 2012 Bonds from gross income of the holders thereof for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other documents and matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings ascribed thereto in the Bond Purchase Agreement (the "Purchase Agreement") dated July 19, 2012, between the Board and Piper Jaffray & Co. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

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

The Board of Education of the County of Jefferson
Piper Jaffray & Co.
August 2, 2012
Page 2

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

(3) The Board has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Board, and the Board has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Series 2012 Bonds.

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

(5) The Series 2012 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

Bowles Rice / David Graff & Love, LLP

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August 2, 2012

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414

Piper Jaffray & Co.
405 Capital Street
Charleston, West Virginia 25301

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have served as special counsel to The Board of Education of the County of Jefferson, West Virginia (the "Board") in connection with the sale of the above-referenced bonds (the "Series 2012 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of July 19, 2012 (the "Purchase Agreement"), between Piper Jaffray & Co. (the "Underwriter") and the Board. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2012 Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution of the Board, the Escrow Agreement, the Purchase Agreement, the Preliminary Official Statement dated July 12, 2012, and the Final Official Statement dated July 19, 2012, with respect to the issuance and offering of the Series 2012 Bonds (collectively, the "Official Statement") and a closing certificate of the Board. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Board is a validly existing statutory corporation charged with the supervision and control of the Jefferson County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Series 2012 Bonds. The Board is authorized by the laws of the State of West Virginia, as provided by the Refunding Act, to enter into and perform its obligations under the Resolution, the Escrow Agreement and the Purchase Agreement.

The Board of Education of the County of Jefferson
Piper Jaffray & Co.
August 2, 2012
Page 2

2. The Board has full power and authority to consummate all transactions contemplated by the Series 2012 Bonds, the Purchase Agreement, the Escrow Agreement and any other agreements relating thereto, to which the Board is a party.

3. The Board has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Escrow Agreement and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Board and the issuance and delivery of the Series 2012 Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

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

5. The Resolution authorizing issuance of the Series 2012 Bonds has been duly adopted and entered at meetings of the Board which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

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

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

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

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Board is a party or of which any property of the Board is subject, except as described in the Official Statement, which, if determined adversely to the Board, would individually or in the aggregate (i) materially and

The Board of Education of the County of Jefferson
Piper Jaffray & Co.
August 2, 2012
Page 3

adversely affect the validity or the enforceability of the Series 2012 Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Board to comply with its obligations under the Escrow Agreement or the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Board.

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

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

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

Very truly yours,
Bowles Rice / David Graff & Love LLP



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August 2, 2012

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Jefferson (West Virginia) (the "Board") of its Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds") in the aggregate principal amount of \$11,590,000. In connection with rendering this opinion, we have examined the Official Statement dated July 19, 2012, the Bond Purchase Agreement dated July 19, 2012 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the Board dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

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

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

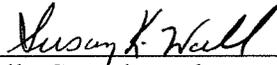
A handwritten signature in cursive script that reads "Paul Kelly PLLC".

{C2377477.1}

CERTIFICATION

I, Susan K. Wall, Superintendent and Secretary of the Board of Education of the County of Jefferson, West Virginia, do hereby certify that the attached is a true and accurate copy of the Minutes of the Board meeting held on June 25, 2012, and a Resolution and Order of The Board of Education of the County of Jefferson Directing Issuance of the Bonds, adopted at such meeting.

Dated this 2nd day of August, 2012.



Susan K. Wall, Superintendent and Secretary of
Jefferson County Board of Education [West
Virginia]

State of West Virginia

County of Jefferson, to-wit:

The Board of Education of Jefferson County, West Virginia, met in Regular Session on June 25, 2012, at 7:05 p.m. at the Board of Education Building, 110 Mordington Avenue, Charles Town, West Virginia, with the following members present: Mr. Peter H. Dougherty (arrived during Presentations), Mrs. Mariland Lee, Mr. Alan Sturm, and Mr. Scott Sudduth. Mr. Gary Kable was unable to attend.

Following the call to order, Mr. Sturm announced that Mr. Dougherty would be arriving late to the meeting; he then led the audience in the Pledge of Allegiance.

Presentations:

Technology Department - Todd Chicchirichi, Enrico Massiminio, and Jim Watkins

Mr. Todd Chicchirichi, Mr. Enrico Massimino and Mr. Jim Watkins presented an overview of the Jefferson County Schools Technology Department.

- Why do we need a Technology Department?
Focus on educational technology - promote learning
- 21st Century Learning
Information and Communication Skills, Thinking and Problem-solving Skills, Personal and Workplace Productivity Skills
- 21st Century Tools in our Schools
Interactive White Boards (Smart, Mimio, Intelliboard)
Mounted Data Projectors
Document Cameras
Computers (Desktops, Laptops, COWS)
Digital Camera
Distance Learning Classrooms/Carts
iPads/iPad Labs
Student Responders
- Technology Resource Facilitator Program
Working with C&I - increases use of technology for both the teachers and students
Technology Tuesdays - provides technology training for JCS employees during the summer

- Digital Divide Data Review
 - Computers - Currently 4,722 computers in our school system
 - Student to computer ratio - 2.31:1
 - Teacher to computer ratio- 0.82:1
 - Data Projectors - Currently 207 mounted, 176 not mounted
 - Interactive White Boards - Currently 249 mounted, 37 not mounted
- Ewalk TRF Data Review
 - Data showing technology use in our classrooms - Utilization has shown a constant improvement
- Tools for Schools Funding
 - \$559,000 from the State Department of Education
 - Must be spent on the schools and from our state bid provider Pomeroy
 - Each school had a conditional choice on what technology was needed to meet their needs
- 21st Century Learning Infrastructure/Hardware
 - All JCS have multiple computer labs and secure wireless internet
 - By the end of 2012-2013 school year all schools will have a 100mb data line, Distance Learning Cart, and more presentation stations will be installed
- Where we are headed:
 - County-wide virtualization, all classrooms equipped with an interactive presentation station, and continue to support current and future educational technology

Mr. Sudduth asked if the total number of computers in our schools included donated computers, if we can generally use the equipment, and if the principals and schools are involved in this process. Mr. Chicchirichi stated that the donated computers are included. He stated that we never want to turn down donated equipment, but currently we must have a windows XP operating system and definitely the schools and principals are involved in this process. Mr. Sudduth asked when technology is integrated into the curriculum. Mr. Chicchirichi stated that it starts in kindergarten. There was discussion

Page Three
MINUTES
June 25, 2012

regarding the use of Kindels in the classroom at Washington High School. Mrs. Lee stated that she feels sure the staff is responding to the enthusiasm of the technology staff. She said it is nice to see individuals that have been in the classroom or who have been in education for sometime, not to become stagnate, but still retain that enthusiasm for education and learning. Mrs. Lee stated that it was nice not to hear any negativity from the technology presenters and congratulated them for doing a good job and knows that they will continue. The board members thanked the gentlemen for their presentation.

JCS Staff Development - Arthena Roper

Arthena Roper, Staff Development Coordinator, presented an overview of staff development procedures and activities planned for the next school year. Mrs. Roper stated that staff development opportunities are offered for both professional and service personnel. She said that the state of West Virginia funds JCS staff development - approximately \$30.00 per professional and \$15.00 per service personnel. Mrs. Roper said that the state requires a minimum of 18 hours of staff development per year for full time employees and nine hours for part time employees. Mrs. Roper stated that all staff are required to attend staff development activities which are included in their school plan, regardless of the number of credits they have or need. Mrs. Roper said all staff development credits are to be completed by the last day of the school calendar. Mrs. Roper stated that all staff development plans must include diversity education, policies and procedures, and harassment training. She said that school staff development plans

correlate with the school's goals and the school's goals correlate with the county goals.

Mr. Dougherty asked if there is a county level committee that reviews Staff Development. Mrs. Roper stated that there is a committee. Each school has a representative and service personnel have two representatives from six classifications on the committee that helps to outline new and needed Staff Development opportunities.

Mr. Sturm asked how the hours are tracked. Mrs. Roper stated that the information is maintained in the ERO data base.

JCS Cultural Diversity Initiative - Arthena Roper

Arthena Roper, Cultural Diversity Facilitator provided an overview of the Jefferson County Schools Cultural Diversity program. Mrs. Roper said that cultural diversity areas that they focus on mainly are closing the achievement gap, knowledge, competence and acceptance. She stated that the mission is for our students to be prepared to live, learn and embrace cultural diversity in the workplace. Mrs. Roper reviewed the JCS cultural statistics and how they compare to the state statistics. She said the term school climate refers to the character and quality of school life. Mrs. Roper stated that Jefferson and Berkeley counties are the most diverse in the state. She said that Jefferson Schools are committed to providing opportunities for all staff to learn about various cultures and to improve their skills in cross cultural communications. The county Cultural Diversity Committee is comprised of teachers, administrators, service personnel, students, and community members, which monitor the implementation of the Cultural

Diversity Plan. She said that each school has a team of faculty members that meet and plan cultural diversity celebrations, activities, and school wide cultural themes. Mrs. Roper showed examples of the many different cultural diversity activities within the schools. The board members thanked Mrs. Roper for both of her presentations.

Minutes:

A motion was made by Alan Sturm, seconded by Scott Sudduth and carried, to approve minutes of the Regular Board Meeting held June 11, 2012.

Citizens' Comments:

None

Mr. Dougherty noted the following changes to the Consent Agenda:

Human Resources

- #42 change effective date from 6/18 to 7/2
- #63 transfer of from position should state - Health and Physical Education Teacher

Consent Agenda:

In regular business, upon the recommendation of the Superintendent, a motion was made by Mariland Lee, seconded by Alan Sturm, and carried to approve the following items on the consent agenda:

a. Human Resources

**List of Board Agenda Items Submitted by Susan Wall for the
 June 25, 2012 Board Meeting**

	Status	Employee	Position	Location	Job No.	Effective Date
1	Resignation	Richard Lewis	Assistant Boys Basketball Coach	JHS		End of 2011 – 12 SY
2	Resignation	Laura Lovett	Assistant Cross Country Coach	JHS		End of 2011 – 12 SY
3	Resignation	Meghan Broderick	Thespian Sponsor	WMS		End of 2011 -12 SY
4	Resignation	Jennifer Knapp	3 rd Grade Teacher	DES		End of 2011 – 12 SY
5	Transfer	Megan E. Baird	From: Social Studies Teacher To: Social Studies Teacher	WMS WHS	7499	2012 -13 SY
6	Transfer	Linda Everhart	From: Custodian III To: Custodian III	JHS HFM	7410	2012 – 13 SY
7	Transfer	Francine DeRonda	From: Multi-Categorical Special Education Teacher To: Multi-Categorical Special Education Teacher	BRE WMS	7464	2012 – 13 SY
8	Transfer	Christina D. Bush	From: Cook II, ½ time To: Cafeteria Manager/Computer Operator	DES BRE	7358	2012 -13 SY
9	Transfer	Kimberly Boyd	From: Cook II To: Cook III	PJE BRE	7497	2012 – 13 SY
10	Transfer	Heather Dantro	From: 4 th Grade Teacher To: 1 st Grade Teacher	DES DES	7453	2012 – 13 SY

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11	Transfer	Casey L. Combs	From: Special Education Aide To: Special Education Classroom Aide, Itinerant	TAL TAL	7466	2012 – 13 SY
12	Transfer	Diane Correia	From: Special Education Classroom Aide, Itinerant, ½ time To: School Secretary II	PJE RES	7448	8/1/12
13	Transfer	Tamara Bailey	From: School Secretary II To: Secretary III/ Receptionist	NJE CO	7496	7/5/12
14	Transfer	Barbara Baird	From: School Secretary II To: Secretary III for Pupil Services	DES CO	7495	2012 – 13 SY
15	Transfer	Dean Johnston	From: Custodian III To: Custodian III	Trans/ Main Trans OLC/ GED CO	7505	7/2/12
16	Appoint	Rachel LaFage	English Teacher	WHS	7507	2012 – 13 SY
17	Appoint	Jennifer Nicholson	English Teacher	WHS	7506	2012 – 13 SY
18	Appoint	Jodie A. Sites	3 rd Grade Teacher	DES	7373	2012 -13 SY
19	Appoint	Brian Collins	5 th Grade Teacher	DES	7374	2012-13 SY
20	Appoint	Sarah Soltow	School Counselor, Itinerant, ½ time	PJE	7481	2012 – 13 SY
21	Appoint	Laura B. Colbert	School Counselor, Itinerant, ½ time	CWS	7480	2012 – 13 SY
22	Appoint	Leslie Slover	School Counselor, Itinerant, ½ time	WDI	7463	2012 – 13 SY
23	Approve	Donnie Mriscin	Assistant Boys Soccer Coach	JHS	7512	2012 – 13 SY

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24	Approve	Kathy Windle	Guard/Majorette Sponsor	JHS	7470	2012 – 13 SY
25	Approve	Samantha Buckler	Guard/Majorette Sponsor	WHS	7471	2012 – 13 SY
26	Approve	Timothy Michael	Head Girls Soccer Coach	WHS	7489	2012 – 13 SY
27	Approve	Jerry Franklin	Assistant Girls Track Coach	WHS	7472	2012 - 13
28	Approve	Dante Willis	Assistant Girls Track Coach	WHS	7473	2012 – 13 SY
29	Approve	Michael Grant	Assistant Football Coach	WHS	7476	2012 – 13 SY
30	Approve	Larry Shipley	Assistant Football Coach	WHS	7477	2012 – 13 SY
31	Approve	Fernando S. Pinheiro	Assistant Wrestling Coach	CTMS	7421	2012 – 13 SY
32	Approve	Fernando S. Pinheiro	Assistant Boys Track Coach	CTMS	7423	2012 – 13 SY
33	Approve	Destiny R. Morris	Head Fall Cheerleading Coach	CTMS	7412	2012 – 13 SY
34	Approve	Destiny R. Morris	Head Winter Cheerleading Coach	CTMS	7414	2012 -13 SY
35	Approve	Charles Kidrick	Volunteer Football Coach	SMS		2012 – 13 SY
36	Approve	Amy Chrisman	Head Volleyball Coach	SMS	7455	2012 – 13 SY
37	Approve	Susan Knott Anne Portrey Cathy Judkins Rhonda Reynolds	Credit Recovery Instructors	SS	7437	6/18 – 7/9/12 & 7/10 – 7/27/12
38	Approve	Robin Rhoades	Health Instructor	SS	7438	6/18 – 7/9/12 & 7/10 – 7/27/12
39	Approve	Roy Banjoman Mark Hash Rick Smith	Physical Education Instructors	SS	7439	6/18 – 7/9/12 & 7/10 – 7/27/12

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 June 25, 2012

40	Approve	Debra Laspina – Rukenbrod	Special Education Instructor	SS	7491	6/18 – 7/9/12 & 7/10 – 7/27/12
41	Approve	Marsha Lynn Holmes	Secretary	SS		6/18 – 7/9/12 & 7/10 – 7/27/12
42	Approve	John Thew	Custodian II	SS		7/2 – 7/9/12 & 7/10 – 7/27/12
43	Approve	Judith Fadely Lisa Long Dustin Weaver	Middle School Critical Skills Teachers, ½ time	SS	7440	6/18 – 7/9/12 & 7/10 – 7/27/12
44	Approve	Richard Marstiller	Special Education Middle School Critical Skills Teacher, ½ time	SS	7492	6/18 – 7/9/12 & 7/10 – 7/27/12
45	Approve	Karen Hutto	Secretary, ½ time	SS		6/18 – 7/9/12 & 7/10 – 7/27/12
46	Approve	Rebecca Long	Custodian II	SS		6/18 – 7/9/12 & 7/10 – 7/27/12
46	Approve	Rebecca Long	Custodian II	SS		6/18 – 7/9/12 & 7/10 – 7/27/12
47	Approve	Brittany Cruz- Vazquez Derby Hammond Patricia Horne Elizabeth Manzuk Kathy Millner Patricia Churchey	Elementary Reading and Math Teachers for Critical Skills	SS	7452	7/2/12

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48	Approve	Iona Webster Trisha Santmier	Multi-Categorical Special Education Teacher	ESY	7457	7/2/12
49	Approve	Amanda Winebrenner Beth Saunders	Pre-School Special Needs Teacher	ESY	7458	7/2/12
50	Approve	Melissa Mikles	PMI Teacher	ESY	7459	7/2/12
51	Approve	Racine Lynch	MMI Teacher	ESY	7460	7/2/12
52	Approve	Christy Horning Francine DeRonda	Autism Teacher	ESY	7461	7/2/12
53	Approve	Christina Lester Marilyn Hynoski Antoinette Lawson Mary Mailin David Viands Dorothy Johnson Kevin Wilson Donna Northouse Michelle Foust Stephen Rozakis	Substitute Teachers	ESY	7462	7/2/12
54	Approve	Brian Bauer	ESL Teacher for Summer Program	RES		7/2/12 – 7/26/12
55	Approve	Jillian DeLaney	Substitute ESL Teacher for Summer Program	RES		7/2/12 – 7/26/12
56	Approve	Regina Waldron Karen Hutto Judy Chambers	Substitute Transportation/ Classroom Aides for Summer ESY	Trans	7445	6/26/12
57	Approve	Jayne Mumaw	Special Needs Bus Operator for ESY	Trans	7485	7/3/12 – 7/31/12
58	Approve Renewal	Substitute Service Personnel	Per attached List*	JCS		2012 – 13 SY

59	Approve	Cheryl Hawkins Beverly Hughes Densil Nibert Judson Romine Rebecca Willingham	Professional Substitutes	JCS		2012 – 13 SY
60	Approve Personal LOA	Linda DeBaugh Beth Saunders Theodore Reckley	Custodian Pre-School Handicapped/Special Needs Teacher Custodian	SMS TAL SMS		Per attached list
61	Approve Personal LOA	Katy Kidwell	5 th Grade Teacher	SJE		2012 – 13 SY
62	Rescind RIF	Jennifer McLean	Social Studies Teacher	JHS		2012 – 13 SY
63	Transfer	Mark Murphy	From: Health and Physical Education Teacher To: Athletic Director	CTM WHS	7498	2012 - 13 SY
64	Transfer	Arthur Vogel, Jr.	From: Science Teacher To: 3 rd Grade Teacher	WHS BRE	7501	2012 - 13 SY
65	Appoint	Samantha Buckler	Pre-School Special Needs Teacher	BRP/ TAL	7465	2012 -13 SY

* SUBSTITUTE SERVICE PERSONNEL FOR BOARD APPROVAL 2012-2013 SY

Correia, Diane	Aide
Cullen, Patricia	Aide
Dinges, Krystal	Aide
Gareis, Dennis	Aide
Greenwalt, Jr., Frank	Custodian
Lewis, Melissa	Aide
Riddleberger, Janice	Cook
Simmons, Gloria	Bus Op
Stuart, Sharon	Clerk/Aide, Clerk, Aide
Appell, Bonnie	Clerk
Olson, Lillian	Aide

Thew, Lee	Custodian
McKenzie, Nancy	Secretary
Sechrist, Susan	Bus Op
Puster, Harry	Custodian
Millis, Alvin	Bus Op
Myers, Kelli	Cook
Hoffmaster, Debra	Cook

- b. Finance
 - 1. Approved Paid Bills (Lists on file)
 - 2. Approved Budget Supplements and Transfers (List on file)
 - 3. Purchase Order Status Report (On file)
- c. Approved out-of-area trips (List on file)
- d. Approved individuals to drive students by private/rental vehicles for the 2012-13 school year (List on file)

Old Business:

None

New Business:

JCBOE Policy Chapter 8, Section 4.1 - Expected Behavior in Safe and Supportive Schools

Mr. Blanc said that The Student Code of Conduct has been replaced with Policy 4373, Expected Behavior in Safe and Supportive Schools. Jefferson County Board of Education updated policy has been developed from a template provided by the West Virginia Department of Education. Mr. Blanc stated that this policy has a more positive

approach. Mr. Robert Brown and Ms. Keri Mahoney attended state training regarding this policy and they provided an overview concerning the updated policy.

Upon the recommendation of the Superintendent, a motion was made by Alan Sturm, seconded by Scott Sudduth and carried to approve placing the Jefferson County Board of Education policy, Chapter 8, Section 4.1 Expected Behavior in Safe and Supportive Schools on review until the July 9, 2012, board meeting.

Continuance of Bid - Dairy Items for the 2012 - 13 School Year

Mr. Dinges stated that this is the same contract as last year.

Upon the recommendation of the Superintendent, a motion was made by Alan Sturm, seconded by Mariland Lee, to approve the continuation of the bid to supply dairy items for the 2012-13 school year with the current vendor, Potomac Farms Dairy. Following discussion, motion carried; Scott Sudduth voted against. (Copy of bid on file)

Resolution for Bond Refunding of the Series 2004 Bonds

Ms. Brown stated that the Jefferson County Board of Education is in the process of refunding the Series 2004 bonds. She said the estimated savings will be approximately \$275,000 if the bonds are refunded. The refunding will not extend the time of the maturity of the bonds, which is currently 2020. The Board must adopt the resolution as part of the documents required in the bond refunding. Mrs. Brown presented background information regarding the bond refunding and reviewed the process. There was an in depth discussion regarding the bond refunding.

Upon the recommendation of the Superintendent, a motion was made by Alan Sturm, seconded by Scott Sudduth, and carried to approve the resolution for bond refunding of the Series 2004 bonds. (Copy on file)

Mr. Dougherty announced that the Board would hold an Executive Session regarding personnel issues.

Comments:

Robbie Brown

- thanked the technology department representative and Mrs. Roper for their presentations
- thanked Mr. Sturm for all his years service to the State of West Virginia and particularly to Jefferson County Schools

Rhonda Reynolds

- echoed Mr. Brown's comments

John Ruh

- stated that on behalf of Ms. Young and the Service Personnel Association, he would like to thank Mr. Sturm for all that he has done for Jefferson County Schools

Mariland Lee

- in addition to all previous comments, glad that Mr. Sturm is now going to have this time with his grandchildren

Scott Sudduth

- thanked Mr. Sturm for all that he learned from him regarding educational laws and policy, for the great discussions and debates, always being professional, recognized his deep love and passion of politics and that he continues to be a great teacher

Pete Dougherty

- stated that the greatest gifts that Mrs. Sturm brought to the board was not having an ego or an agenda, but dedication and commitment to doing things that will improve education for all children in this county; in the last eight years Mr. Sturm has been part of many things that have advanced what education is about in Jefferson County, such as the quality of facilities and employee relationships; Mr. Sturm will be greatly missed and it has been great having him as a friend, colleague and a member of the board.

Alan Sturm

- stated that the last eight years have been the cap stone on his career in education and he has made friendships he will treasure forever

Mr. Dougherty announced that prior to the start of the Executive Session; the board members would take a recess for a farewell reception to honor Mr. Sturm for his many years of service to Jefferson County Schools.

At 8:55 p.m. a motion was made by Scott Sudduth, seconded by Alan Sturm and carried, to hold an Executive Session in accordance with WV Code 6-9A-4 regarding personnel matters.

At 10:08 p.m. a motion was made by Alan Sturm, seconded by Scott Sudduth and carried, to close the Executive Session and return to open session.

There being no further business, the meeting was adjourned by the President at 10:09 p.m.

President

Secretary

PRELIMINARY OFFICIAL STATEMENT DATED JULY 12, 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 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, upon the conditions and subject to the limitations set forth under the caption "TAX MATTERS" herein; however, interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in adjusted current earnings of such corporate holder. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX MATTERS" herein

\$11,625,000*

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

Dated: Date of Delivery

Due: May 1, as shown below

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

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

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable 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 Bonds will be payable November 1, 2012 and semiannually thereafter each May 1 and November 1 in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM"

The Bonds are not subject to redemption.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS*

<u>Maturing (May 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP** Base #:</u>
2013	1,325,000			
2014	1,265,000			
2015	1,335,000			
2016	1,395,000			
2017	1,465,000			
2018	1,540,000			
2019	1,610,000			
2020	1,690,000			

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, LLP Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about August 2, 2012.

PiperJaffray®

* Preliminary, subject to change.

** 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 Bonds only at the time of issuance of the Bonds. Neither the Underwriter 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 Bonds.

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.

\$11,625,000*
The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

ELECTED OFFICIALS

Pete Dougherty, President
Gary Kable, Vice President
Mariland Dunn Lee, Board Member
Mark Osbourn, Board Member
Scott Sudduth, Board Member

APPOINTED OFFICIALS

Susan K. Wall, Superintendent
Patrick W. Blanc, Assistant Superintendent, Curriculum & Instruction
Ralph Dinges, Assistant Superintendent of Construction, Maintenance, and Facilities
Beth Marrone, Treasurer

BOARD'S COUNSEL

Bowles Rice McDavid Graff & Love LLP
Morgantown, West Virginia

BOND COUNSEL

Bowles Rice McDavid Graff & Love LLP
Charleston, West Virginia

UNDERWRITER

Piper Jaffray & Co.
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

* Preliminary, subject to change.

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 Jefferson, 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 Underwriter 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.

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 Resolution, as hereinafter defined, has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Forward-Looking Statements

This Preliminary Official Statement, and particularly the information contained in the caption “JEFFERSON 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. For a discussion of certain of such risks and possible variations in results, see the information under “INVESTMENT CONSIDERATIONS.”

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**OFFICIAL STATEMENT
RELATING TO**

\$11,625,000*
**The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012**

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$11,625,000* in aggregate principal amount of The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the "Bonds"). A brief description of The Board of Education of the County of Jefferson, West Virginia (the "Board"), the Jefferson County School District (the "School District") and the County of Jefferson, West Virginia (the "County" or "Jefferson County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide funds, along with other funds from accounts established for the Series 2004 Bonds, as hereinafter defined, to provide for the advance refunding of the Board's Public School Refunding Bonds, Series 2004 issued in the original aggregate principal amount of \$19,000,000 ("Series 2004 Bonds") of which \$11,750,000 is outstanding and all of which will be refunded by the Bonds. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on May 11, 2004, the issuance of the Series 2004 Bonds in an amount of up to \$19,000,000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of paying the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District.

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

* Preliminary, subject to change.

THE BONDS

General

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

Maturing (May 1)	Principal Amount* (S)
2013	_____
2014	_____
2015	_____
2016	_____
2017	_____
2018	_____
2019	_____
2020	_____

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the “Bond Act”), both the principal of and interest on the 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 Bonds will be payable November 1, 2012 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at the address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Authority and Purpose

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the “Better Schools Amendment”) and the Bond 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 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 Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds up to the amount of \$19,000,000 and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 7.5% of the participating voters. Proceeds of the Series 2004 Bonds were applied, together with certain funds received by the Board from the State of West Virginia (the “State”) and other sources, to the cost of acquisition and construction of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. The ballot question limited the term of the bonds to sixteen (16) years from their date and limited the rate of interest on the bonds to a rate not exceeding 7.5% per annum. Pursuant to the Bond Act, the Series 2004 Bonds were issued on December 1, 2004 and designated Public School Bonds, Series 2004.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the “Refunding Act”) and a resolution of the Board adopted on June 25, 2012 (the “Resolution”). The Board is issuing the Bonds for the purpose of advance refunding the Series 2004 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 2004 Bonds will be deemed paid upon the completion of the advance refunding. Certain funds of the

Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 2004 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

Plan of Financing

Proceeds of the Bonds in the amount of \$ _____ will be applied to the funding of an escrow to advance refund the Series 2004 Bonds. Such proceeds will be used to pay the interest on the Series 2004 Bonds each November 1 and May 1, commencing November 1, 2012, and continuing to and including May 1, 2014, to pay the maturing principal of the Series 2004 Bonds on May 1, 2013, and May 1, 2014, and to pay the redemption price of the remaining maturities of the Series 2004 Bonds called for redemption in the amount of \$ _____ (which includes \$ _____ of principal to be redeemed and a redemption premium of \$ _____) (the "Redemption Price") on May 1, 2014 (the "Redemption Date"). The above referenced funds in the total amount of \$ _____, together with the earnings thereon, will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on or about _____, 2012 (the "Escrow Agreement"), by and among the Board and the Bond Commission. During the period in which the proceeds of the Bonds are deposited with the Bond Commission pursuant to the Escrow Agreement (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations (the "Obligations"). The maturing principal of and interest on the Obligations are not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds

Sources

Proceeds of the Bonds	\$ _____
[Original Issue Premium]	\$ _____
Amounts Transferred from Bond Commission (Debt Service Account)	\$ _____
TOTAL	\$ _____

Uses

Deposit to Escrow Fund ¹	\$ _____
[Original Issue Discount]	\$ _____
Underwriter's Discount	\$ _____
Costs of Issuance ²	\$ _____
TOTAL	\$ _____

Nature of Obligation, Security and Source of Payments

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

Debt Administration

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, 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

¹ The amount set forth in the Escrow Agreement as required, together with the income thereon and funds transferred from accounts established for the Series 2004 Bonds to effect the current refunding of the Series 2004 Bonds as described herein.

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

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:

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

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

JEFFERSON COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2012, the terms of two members will expire. The process will be repeated every two years thereafter.

Board Members' duties are established by State statute with the West Virginia Board of Education having regulatory powers. The Board appoints a superintendent who acts as the chief executive officer and secretary of the Board and who administers affairs of the School District in accordance with applicable laws, regulations, and local policies. The Board is a 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 2011-2012, the Jefferson County school system had a central office professional staff of 21 with the overall responsibility to coordinate and supervise the activities of 36 school administrators, 742 instructional staff (teachers and other professionals), and 476 service personnel. Total Full Time Equivalent positions are 1,275. The average pupil-teacher ratio for the 2010-2011 school year was 19.2 to 1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

Grades	2007	2008	2009	2010	2011
Pre-K Universal	229	220	256	287	318
K	674	600	692	667	633
1	746	773	688	765	721
2	674	683	734	639	703
3	611	662	682	731	633
4	598	618	686	716	729
5	546	615	635	691	699
6	628	537	622	666	693
7	627	643	573	642	676
8	597	630	654	564	633
9	616	632	632	714	612
10	624	602	607	636	671
11	641	629	596	582	590
12	<u>488</u>	<u>554</u>	<u>538</u>	<u>545</u>	<u>531</u>
Total	8,299	8,398	8,595	8,845	8,842

Rate of Increase (Decrease) in Enrollment	
2007-2012	6.54%
Annualized	1.64%

Source: Jefferson County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2012	9,019
2013	9,199
2014	9,383
2015	9,571

Source: Jefferson County Board of Education

Facilities

School	Grades	Construction Type	Construction Date	Additions/Improvements
High Schools				
Jefferson	9-12	Masonry/Brick	1970	1975, 1983, 1986, 1991, 2007
Washington	9-12	Masonry/Brick	2008	
Middle Schools				
Charles Town	6-8	Masonry/Brick	1957	1962, 1967, 1975, 1991
Harpers Ferry	6-8	Masonry/Brick	1930	1957, 1975, 1980, 1986, 1991
Shepherdstown	6-8	Masonry/Brick	1928	1956, 1960, 1975, 1991, 1993
Wildwood	6-8	Masonry/Brick	2002	
Elementary Schools				
Blue Ridge	2-5	Masonry/Brick	1939	1960, 1972, 1991
C. W. Shipley	K-5	Masonry/Brick	1971	1974, 1985, 1989
North Jefferson	K-5	Masonry/Brick	1971	1974, 1985, 1989
Page Jackson	K-2	Masonry/Brick	1976	1985, 1989
Ranson	PK-5	Masonry/Brick	1957	1969, 1975, 1990
Shepherdstown	K-5	Masonry/Brick	1956	1958, 1975, 1989
South Jefferson	K-5	Masonry/Brick	1971	1975, 1985, 1989, 2010
T. A. Lowery	K-5	Masonry/Brick	1991	
Wright Denny	3-5	Masonry/Brick	1929	1962, 1965, 1970, 1992
Driswood	PK-5	Masonry/Brick	2010	
Blue Ridge Primary	PK-1	Masonry/Brick	2012	

Source: Jefferson County Board of Education

Tax Collection Procedures

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

the County Commission all properties in the County which were redeemed in the Auditor's office during the preceding month. The Auditor, each month, draws a warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by the Sheriff upon the redemption of the property included in the Sheriff's 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 the Sheriff before sale and redemption.

Tax Levies and Collections*

Year	Projected Gross Tax (\$)	Projected Net Tax Collected (\$)	Actual (\$)	Actual (%)
	at 100%	at 92-93% Less Assessors Fee	Collected	Collected
2007-2008				
General Current	18,233,052	17,326,662	18,232,841	100%
Bond Levy	3,524,429	3,358,530	3,618,952	103%
Excess Levy	21,569,510	20,819,969	20,646,808	96%
2008-2009				
General Current	21,121,135	19,872,792	21,227,995	100%
Bond Levy	3,538,334	3,373,689	3,514,432	99%
Excess Levy	24,986,085	23,746,776	23,662,305	95%
2009-2010				
General Current	20,658,923	19,264,564	21,216,116	103%
Bond Levy	1,831,617	1,662,751	1,944,413	106%
Excess Levy	24,439,295	22,985,157	23,590,430	96%
2010-2011				
General Current	18,061,549	16,774,551	18,547,102	103%
Bond Levy	1,843,395	1,673,601	1,836,679	100%
Excess Levy	21,366,626	20,095,312	20,465,090	96%
2011-2012				
General Current	17,179,939	15,874,973	N/A	N/A
Bond Levy	1,771,127	1,687,639	N/A	N/A
Excess Levy	20,323,690	19,114,430	N/A	N/A

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 which was protested to the board of equalization and review 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. A taxpayer can elect to have its protest of an assessment heard by the county commission sitting as a board of assessment appeals in October, rather than by the county commission sitting as a board of equalization and review in February. In order to utilize this option the taxpayer must pay the disputed taxes. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses

not expected to be paid from other sources. For example, the 2011 assessment year valuations are made as of July 1, 2010, with taxes levied and collected during the fiscal year July 1, 2011, through June 30, 2012.

The State Tax Commissioner has the responsibility for preparing tentative valuations of all public utility property in the State and providing these valuations to the Board of Public Works of the State for actual assessment of such property. The Board of Public Works reviews all assessments made, makes such corrections as it deems proper, conducts hearings to entertain protests from the public utilities involved, and fixes the assessments in final form. After such assessments are made, they are allocated by the 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, 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, 1931, as amended, provide that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified owners residing therein); Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Jefferson County School District includes all of Jefferson County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the approval of the county valuation plan. A county valuation plan must be submitted every three years by the assessor to the State Tax Commissioner. 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. Any increase in the total property taxes that could result from the new calculations is limited to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. Assessors do not have the authority to implement the reappraisal described above. All property except farms and managed timberlands must be assessed at 60% of Fair Market Value.

Assessed Valuation By Property Class*

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	0	0	0	0	0
II	2,568,421,740	2,520,735,550	2,119,649,580	1,989,212,550	1,865,152,520
III	1,002,329,292	963,739,417	868,421,052	848,325,714	835,533,540
IV	<u>435,255,769</u>	<u>438,125,221</u>	<u>399,273,387</u>	<u>370,977,693</u>	<u>366,552,161</u>
Total	4,006,006,801	3,922,600,188	3,387,344,019	3,208,515,957	3,067,238,221

Assessed Valuation By Property Category*

Category	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Real	3,590,907,770	3,519,139,920	3,004,866,010	2,811,656,920	2,662,817,740
Personal	328,849,800	313,724,900	291,126,030	302,005,040	306,182,800
Public Utility	<u>86,249,231</u>	<u>89,735,368</u>	<u>91,351,979</u>	<u>94,853,997</u>	<u>98,237,681</u>
Total	4,006,006,801	3,922,600,188	3,387,344,019	3,208,515,957	3,067,238,221

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

\$54,570,210 in 2008 – 2009 \$58,597,110 in 2009 – 2010 \$62,725,960 in 2010-2011
 \$65,161,920 in 2011 – 2012 \$68,392,200 in 2012 – 2013

Largest Assessed Valuations (tax year 2011)

Property Owner	Assessed Valuation (\$)
PNGI Charles Town Gaming LLC (Charles Town Races)	131,968,600
The Potomac Edison Company	33,866,112
Citizens Telecom Co. of WV	20,384,769
WVA 340 Limited Partnership (Jefferson Crossing Shopping Ctr)	14,201,800
Millville Quarry Inc.	11,221,800
CSX Transportation Inc.	10,627,574
Federal Group Inc. (Clarion Hotel)	8,734,000
Norfolk & Western Railway Company	8,345,157
Summit Point Automotive Research Center (S.P. Race Track)	7,508,000
Permelynn of Winchester Inc. (Charles Town Plaza)	6,513,100

Source: Jefferson County Assessor and West Virginia State Auditor's Office

Tax Rate Comparisons.

The following shows Jefferson 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 2012; Fiscal Year 2012 - 2013.

Rates of Levy*

County	Class I	Class II	Class III/IV
JEFFERSON	57.77	115.54	231.08
Berkeley	61.74	123.48	246.96
Morgan	54.75	109.50	219.00

*Includes the total levy for State, County and schools in each County.

Source: West Virginia State Auditor

County Tax Rates

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

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

continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates (Source: West Virginia State Auditor)

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

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

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 Excess Levy

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	22.95	22.95	22.95	22.95	22.95
II	45.90	45.90	45.90	45.90	45.90
III and IV	91.80	91.80	91.80	91.80	91.80

School Bonds

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	3.25	1.72	1.98	2.00	2.08
II	6.50	3.44	3.96	4.00	4.16
III and IV	13.00	6.88	7.92	8.00	8.32

The maximum tax rates described above are divided among the several levying bodies by statute. Under Chapter 11, Article 8, Section 6b of the Code of West Virginia, 1931, as amended, the maximum levy rates available to the County without approval by the voters is as follows: Class I - 14.3 cents per \$100 assessed valuation; Class II - 28.6 cents per \$100 assessed valuation; Class III - 57.2 cents per \$100 assessed valuation; and Class IV - 57.2 cents per \$100 assessed valuation.

Rates of Levy (Source: West Virginia State Auditor)

The tax rates for citizens of the County, including those imposed by the Board, 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	13.09	26.18	52.36
School Current	19.40	38.80	77.60
School Bonds	2.08	4.16	8.32
School Excess	22.95	45.90	91.80

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 2012-2013 fiscal year.

Municipality	Class I	Class II	Class IV
Bolivar	7.11	14.22	28.44
Charles Town	10.24	20.48	40.96
Harpers Ferry	6.12	12.24	24.48
Ranson	12.50	25.00	50.00
Shepherdstown	7.08	14.16	28.32

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)	53,643
Assessed Valuation*	\$3,067,238,221
Debt Limit (5% of Assessed Valuation)	\$153,361,911
Outstanding Debt (including the Series 2012 Bonds)**	\$11,750,000
Debt Contracting Margin**	\$141,611,911
Per Capita Debt**	\$219.04
Outstanding Debt as percentage of Assessed Valuation**	0.38%

*Assessed Value is estimated to be approximately 60% of appraised or market value (Assessment Year 2012, Fiscal Year 2013).

**To be revised with final bond size.

Debt Service Requirements

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

**Schedule of Bond Indebtedness
Public School Bonds**

Year Ending June 30	Series 2012 Principal	Series 2012 Interest	Total
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
TOTAL			

Overlapping Debt

There is no overlapping 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 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 Bond 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 Authority 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 Review Revenue Fund

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

Investment of Certain Funds

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

Accounting Practices

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district-wide statements (Statement of Net Assets and the Statement of

Activities) are prepared using the economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements (Balance Sheet- Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Fund) were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX A - AUDIT REPORT OF JEFFERSON COUNTY BOARD OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2011"

Budgetary Procedures

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

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

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

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

	2010 Budget	2010* Actual	2011 Budget	2011* Actual	2012 Budget	2013 Budget
Revenues						
Property Taxes	43,849,721	44,795,882	38,489,863	39,010,613	37,244,570	36,349,980
Other Local Sources	581,340	815,055	1,402,624	927,489	---	---
State Sources	31,583,536	30,004,659	32,388,671	42,410,249	39,468,540	40,209,540
Federal Sources	<u>450,000</u>	<u>626,470</u>	<u>450,000</u>	<u>968,586</u>	<u>600,000</u>	<u>600,000</u>
Miscellaneous Sources					<u>626,420</u>	<u>682,920</u>
Total Revenues Collected	76,464,597	76,242,066	72,731,158	83,316,937	77,939,530	77,842,350
Expenditures						
Instruction	46,669,307	49,463,180	45,523,108	53,355,500	49,512,060	47,448,530
Supporting Services:						
Students	2,760,100	3,379,242	3,228,456	4,693,196	4,011,670	4,896,510
Instructional Staff	1,762,800	2,481,735	2,286,713	3,047,773	2,413,270	2,464,230
Central Administration	1,621,490	1,582,367	1,336,926	1,652,222	1,357,000	1,298,920
School Administration	4,015,340	4,840,411	4,443,745	5,555,868	4,573,500	4,662,330
Business Administration	2,344,790	2,925,468	2,398,615	2,828,322	2,560,470	2,664,780
Operation & Maintenance of Facilities	8,280,550	9,421,768	8,061,094	9,541,114	9,291,210	9,652,810
Student Transportation	6,544,660	6,956,647	6,333,051	7,965,989	7,187,890	7,744,910
Food Services	-0-	305,735	-0-	596,912	---	---
Community Services	75,000	75,000	75,000	75,000	110,000	91,000
Capital Outlay	86,160	91,720	---	---	---	---
Reserves	1,500,000	-0-	---	---	---	---
Total Expenditures	75,660,197	81,523,273	73,686,708	89,311,896	81,017,070	80,924,020
Excess (Deficiency) of Revenues over Expenditures	<u>804,400</u>	<u>(5,281,207)</u>	<u>(955,550)</u>	<u>(5,994,959)</u>	<u>(3,077,540)</u>	<u>(3,081,670)</u>
Total Other Financing Sources (Uses)	(3,804,400)	(2,470,806)	(694,451)	(654,158)	1,077,540	(431,060)
Net change in Fund Balance	(3,000,000)	(7,752,013)	(1,650,001)	(6,649,117)	(2,000,000)	(3,512,730)
Fund Balance - beginning	<u>3,000,000</u>	<u>4,767,269</u>	<u>3,000,000</u>	<u>(2,833,469)</u>	<u>2,000,000</u>	<u>3,512,730</u>
Restatement of Fund Balance	-0-	242,175	-0-	300,002	-0-	-0-
Fund Balance - ending	-0-	(2,833,469)	1,349,999	(9,182,584)	-0-	-0-

Source: Jefferson County Board of Education

*Includes \$8,316,166 OPEB Liabilities for Fiscal Year 2010 (2009-2010 Actual) and \$7,762,696 OPEB Liabilities for Fiscal Year 2011 (2010-2011 Actual).

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

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.

In accordance with GASB requirements, the Board accrues OPEB costs based upon invoices received from PEIA based upon actuarially determined amounts. As of June 30, 2011, the noncurrent liability related to OPEB costs for the Board was \$17,091,591. The total amount of OPEB expense incurred for the fiscal year ending June 30, 2011 was \$7,762,696. The total amount of OPEB expense incurred for the fiscal year ending June 30, 2010 was \$8,316,166. For additional information regarding the Board’s liabilities and expenses, see “APPENDIX A – Audit Report of Jefferson 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; Jefferson County Board of Education)

Insurance Coverage*

1. Type	<u>Amount in Force (FY 2012)</u>
Deluxe Commercial Property insurance	\$ 231,623,831.00
Deductible per occurrence	\$ 2,500.00
Machinery and Equipment insurance	\$ 20,562,102.00
Deductible per occurrence	\$ 2,500.00
Flood insurance	\$ N/A
Deductible per occurrence	\$ _____
Public official position bond: Superintendent	\$ 10,000.00
Board President	\$ 10,000.00
Treasurer	\$ 600,000.00
Fidelity Honesty Bond	\$ 20,000.00

*Source: Jefferson County Board of Education

INVESTMENT CONSIDERATIONS

Assessed Valuation and Tax Collections

The Assessed Valuation by Property Class dropped from \$4,006,006,801 in 2008 to \$3,067,238,221 in 2012. The drop in Assessed Valuations was primarily due to the decline in property valuations and foreclosures in Jefferson County. The Board can make no representations with respect to the future of the real estate market or the actual collections of taxes. See “Assessed Valuations” herein.

Annual Audit

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 corporations 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.

Original Issue Discount

The Bonds maturing on _____ 1, _____ through _____ 1, _____ (collectively, the "Discount Bonds") are being sold at an original issue discount. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over their initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold. Original issue discount, to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bonds (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bonds which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bonds. The amount treated as original issue discount on such Discount Bonds for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bonds (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bonds at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bonds during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bonds the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bonds are sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Purchasers of any Discount Bond should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Bonds maturing in _____ 1, 20__ through _____ 1, 20__ (each a "Premium Obligation" and collectively, the "Premium Obligations") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. An initial purchaser of a Premium Obligation must amortize any premium over such Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of

Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed.

Owners of Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the premium properly accruable in any period with respect to such Premium Obligations and as to other federal tax consequences and the premium for state and local tax purposes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on debt obligations of state and local governments, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the inclusion of the interest on the Bonds in gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding may be allowed as a refund or credit against the owner's Federal income tax liability, depending on the purchaser's federal tax liability once the required information is furnished to the Internal Revenue Service.

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.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

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

The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988 89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in *State ex rel. the Boards of Education of the Counties of Upshur et al*, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

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

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

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

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

Plaintiffs requested relief in the form of various declaratory and injunctive measures to remedy the alleged improprieties, including submission of a plan to alleviate alleged constitutional and legal deficiencies in special education in the State. No monetary damages were stated in the complaint. On July 10, 1991 a Settlement Agreement was approved by the District Court. The Settlement Agreement, as approved by the District Court, provided inter alia that the State School Building Authority would, in the application process and before disbursement of monies to local boards of education, obtain sufficient information to assure that no projects approved or funded would permit segregated outbuildings, segregated schools or inappropriately located self

contained classrooms in regular buildings in which classrooms are not contiguous to or in proximity with classrooms of age appropriate, non handicapped children or that permits a county to continue the existence of such an outbuilding, school or classroom.

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

LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. Counsel to the Board has reviewed the current status of all pending and threatened litigation, and expresses the opinion 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 effect on the financial condition of the Board.

On February 22, 2010, forty-nine (49) county boards of education, including the Board, filed a Complaint in the Circuit Court of Kanawha County against the West Virginia Public Employees Insurance Agency (“PEIA”), the PEIA Finance Board and the West Virginia State Auditor seeking legislative funding through the Public School Support Program (the “Program”) to offset the costs of providing other post-employment benefits to employees otherwise funded through the Program. The Circuit Court of Kanawha County dismissed the suit on the grounds that it was a political question better answered by the West Virginia Legislature. The county boards of education appealed this decision to the West Virginia Supreme Court. The West Virginia Supreme Court upheld the Circuit Court of Kanawha County’s decision to dismiss the suit. The Board does not expect the result of the case to have a material adverse effect on its financial condition or its ability to pay debt service on the Bonds.

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

CONTINUING DISCLOSURE

The Board has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX F, 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 ended 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 Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The Continuing Disclosure Agreement for the Series 2004 Bonds required the Board to file its annual financial information within 300 days of the end of the fiscal year. The Board filed its FY 2008 audit with Disclosure USA on May 20, 2009 (24 days late) and its FY 2007 audited financial statements were filed late. The 2009, 2010 and 2011 audited financial statements were filed within the 300 day requirement.

LEGAL MATTERS

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

RATINGS

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.

VERIFICATION AGENT

Grant Thornton LLP, 500 US Bank Plaza N, 200 S. 6th Street, Minneapolis, MN 55402 has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 2004 Bonds and verification of the sufficiency of the escrow.

UNDERWRITING

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

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$11,625,000* in aggregate principal amount of The Board of Education of the County of Jefferson Public School Refunding 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 Jefferson.

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

* Preliminary, subject to change.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. The distribution of this Official Statement has been approved by the Board. Additional information may be obtained from the Superintendent at 110 Mordington Avenue, Charles Town, West Virginia, 25414, telephone (304) 725-9741 (www.boe.jeff.k12.wv.us).

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

By: _____
President

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Audit Report of Jefferson County Board of Education for the Fiscal Year Ended June 30, 2011

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**AUDIT REPORT OF
JEFFERSON COUNTY BOARD OF EDUCATION
CHARLES TOWN, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2011**

JEFFERSON COUNTY BOARD OF EDUCATION
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INTRODUCTORY SECTION

**JEFFERSON COUNTY BOARD OF EDUCATION
OFFICIALS
For the Fiscal Year Ended June 30, 2011**

OFFICE	NAME	TERM
	<u>Elective</u>	
Board Members:	Peter Dougherty	07-01-10 / 06-30-14
	Scott Sudduth	07-01-10 / 06-30-14
	Mariland Lee	07-01-10 / 06-30-14
	Henry Sturm	07-01-08 / 06-30-12
	Gary Kable	07-01-08 / 06-30-12
	<u>Appointive</u>	
Board President:	Peter Dougherty	07-01-10 / 06-30-14
Treasurer:	Beth Marrone	

FINANCIAL SECTION



State of West Virginia

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
Building 1, Room W-100
Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Toll-Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Jefferson County Board Of Education
Charles Town, West Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education (the Board), as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Board 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 accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson County Board of Education's financial statements. The introductory section, budgetary comparison information for the Debt Service Fund and the Capital Projects Fund, and the Schedule of Changes in School Activity Funds are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Jefferson County Board of Education. Such information, with the exception of the introductory section, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

This narrative discussion and analysis provides an overview of the financial activities of the Jefferson County Board of Education (the Board) for the fiscal year ended June 30, 2011. Please consider this discussion and analysis in conjunction with information provided in the Board's basic financial statements and the accompanying notes, which are presented immediately following this Management's Discussion and Analysis.

Financial Highlights

The assets of the Board exceeded its liabilities at the close of the most recent fiscal year by \$103,285,145 (net assets). Of this amount, (\$7,465,496) is unrestricted net assets.

The government's total net assets increased by \$129,268.

As of the close of the current fiscal year, the Board's governmental funds reported a combined ending fund balance of (\$1,025,272), a decrease of \$7,877,743 in comparison with the prior year. As with the government-wide statements, most of this decrease is due to recognition of the Other Post Employment Benefit expense and liability as required by the Governmental Accounting Standards Board's Statement No. 45 - *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* (OPEB).

As a consequence of the recognition of the OPEB liability mentioned above, the unreserved, undesignated fund balance for the general fund reported a negative balance of \$9,182,584 at the end of the fiscal year.

The unreserved fund balance in the General Current Expense fund decrease is caused by the fact that county boards of education are being required by WV Code §5-16D-6 to report the annual portion of the accrued actuarial liability due to West Virginia Retiree Health Benefit Trust Fund (RHBT) for Other Post Employment Benefits (OPEB) as a current liability in the fund basis statements. As reflected in the fund basis statement, the accrued actuarial liability for these costs for Jefferson County Schools was about \$17,000,000. However, in calculating a deficit for the purposes of WV Code §11-8-26, the portion of the deficit created as a result of recording the accrued actuarial liability due the RHBT is not taken into account. Therefore, by excluding this liability, Jefferson County Schools' unreserved fund balance at year-end would be a positive balance of about \$7,900,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) government-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.

Government-wide financial statements - The government-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.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

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 of 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 government-wide financial statements can be found on pages 12 through 14 of this report.

Fund financial statements - A fund is a grouping of related accounts that are 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 government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the special revenue fund for the American Recovery and Reinvestment Act (ARRA), debt service fund, and the capital projects fund all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

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 government-wide financial statements because the resources of those funds are not available to support the Board's own programs.

The Board maintains one agency fund: to account for resources held for student groups and activities.

The basic fiduciary funds financial statement can be found on page 20 of this report.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21 to 45 of this report.

Government-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 \$103,285,145 at the close of the most recent fiscal year.

Jefferson County Board of Education's Net Assets

	Governmental activities	
	FY 2011	FY 2010
Current and other assets	\$ 28,921,139	\$ 29,392,054
Capital assets	115,984,925	108,301,392
Total assets	144,906,064	137,693,446
Current and other liabilities	29,612,036	21,603,110
Long term liabilities	12,008,883	12,935,000
Total liabilities	41,620,919	34,538,110
Net assets:		
Invested in capital assets, net of related debt	102,593,327	94,236,933
Restricted	8,157,314	9,557,848
Unrestricted	(7,465,496)	(638,905)
Total net assets	\$ 103,285,145	\$ 103,155,876

The largest portion of the Board's net assets, \$102,593,327 or 99 percent, reflects its investment in capital assets (e.g. land, site improvements, buildings, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Board's net assets, \$8,157,314 represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects (6.6M) and repayment of debt (1.3M).

Restricted net assets decreased by \$6,826,591 during the year ended June 30, 2011.

The Board's net assets decreased by \$170,733 during the 2011 fiscal year.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

The key elements of the change in the Board's net assets for the years ended June 30:

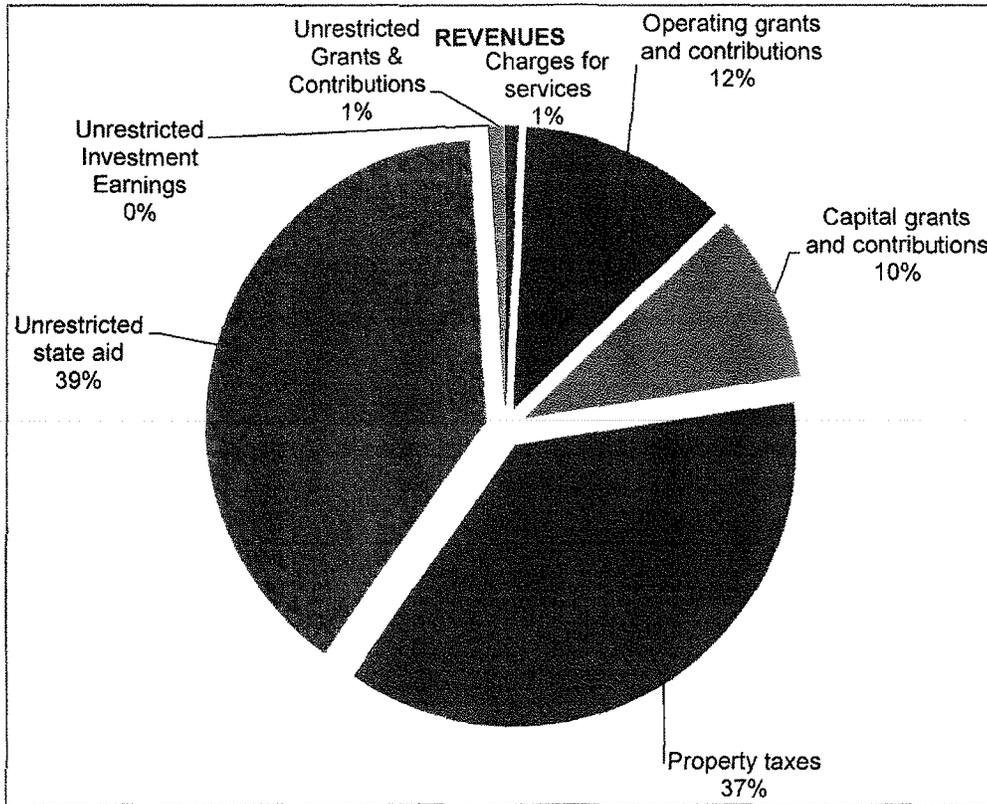
Jefferson County Board of Education's Changes in Net Assets

	Governmental activities	
	FY 2011	FY 2010
Operating grants and contributions	\$ 836,309	\$ 858,784
Capital grants and contributions	13,103,226	9,577,902
Property taxes	10,665,843	9,403,864
Unrestricted state aid	40,509,485	46,958,211
Unrestricted investment earnings	42,938,511	29,873,029
Unrestricted grants and contributions	84,528	91,741
Gain on sale of capital assets	868,586	4,064,563
Total revenues	\$ 109,006,488	\$ 100,828,094
Expenses:		
Instruction	\$ 66,979,316	\$ 60,380,598
Supporting services:		
Students	5,456,251	4,553,211
Instructional staff	2,113,835	1,049,385
District administration	1,678,313	1,588,935
School Administration	5,557,061	4,842,308
Business services	2,877,306	2,984,555
Operation and maintenance	9,742,860	9,663,392
Transportation	8,812,126	7,834,884
Total supporting services	36,237,752	32,516,670
Food service	5,507,054	5,052,965
Community services	75,000	75,000
Interest on long term debt	378,099	580,224
Total expenses	109,177,221	98,605,457
Change in net assets	(170,733)	2,222,637
Net assets - beginning of year (as restated)	103,455,878	100,933,241
Net assets - end of year	\$ 103,285,145	\$ 103,155,878

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

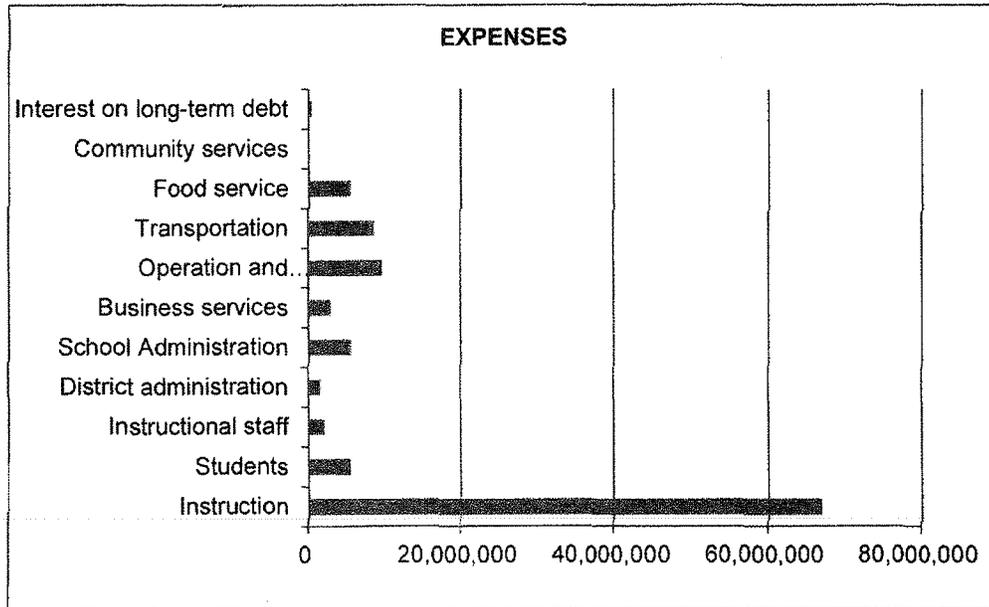
The largest increase in revenues is from state aid and property tax collections. The cost for OPEB is the single largest factor affecting the increase in expenses.

The following chart shows the Board's revenues for fiscal year ended June 30, 2011 by source:



**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

The following chart shows the Board's expenses for fiscal year ended June 30, 2011 by function:



Financial Analysis of the Board's Funds

As noted earlier, the 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 (\$1,025,272). The final component of fund balance, the unassigned is reported as a negative \$9,319,362 and is a result of the recognition of the OPEB liability, \$17,091,591, as a current liability in the fund financial statements.

General Fund Budgetary Highlights

During the year, the Board revised the budget. Budget revisions reflected changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$1,024,762 in total general fund expenditures. The major portion of the increase is due to the re-establishment of the budget balances from the prior year and the increase in regular and excess levy tax collections.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

Capital Assets and Long-term Liabilities

Capital assets - The Board's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$115,984,925 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, 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 \$8,356,394.

Major capital asset events during the current fiscal year included the following:

- The addition of construction in process for Driswood Elementary School, South Jefferson Elementary Addition and Blue Ridge Primary, Charles Town Middle Roof project, Harpers Ferry Middle Addition and HVAC replacement projects, North Jefferson Site Improvements and Jefferson High
- School Buses
- Land purchased near Harpers Ferry Middle School

<u>Assets</u>	<u>FY 2011</u>	<u>FY 2010</u>
Land	\$ 3,441,494	\$ 3,395,590
Buildings and improvements	102,141,851	89,993,294
Furniture and equipment	2,113,241	1,848,591
Vehicles	4,055,683	3,805,810
Construction in progress	4,232,656	9,258,648
Total capital asset additions	<u>\$ 115,984,925</u>	<u>\$ 108,301,933</u>

Additional information on the Board's capital assets can be found in Note 6 to the basic financial statements.

Long-term liabilities - At the end of the current fiscal year, the Board had total bonded debt outstanding of \$12,935,000 and capital lease obligations of \$456,958. The obligation for compensated absences for vacations was \$214,500 at June 30, 2011. Additional information on the Board's long-term debt can be found in Note 7 to the basic financial statements.

<u>Outstanding Long-term debt</u>	<u>Governmental Activities</u>
General Obligation Bonds	\$ 12,935,000
Capital Lease Obligations	456,958
Compensated Absences	214,500
Total debt outstanding	<u>\$ 13,606,098</u>

Factors Bearing on the Board's Future

At the time these financial statements were prepared and audited, the Board was not aware of circumstances that could significantly affect its financial health in the future:

The Board also continues to pursue legal action seeking legislative funding through the West Virginia Public School Support Program to fund the rapidly increasing OPEB liability.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

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 Office of the Treasurer, Jefferson County Board of Education, 110 Mordington Ave, Charles Town, WV 25414.

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,589,591
Investments	1,327,171
Prepaid	137,370
Taxes receivable, net of allowance for uncollectible taxes	2,179,605
Food services receivable	396,449
Other receivables	2,106,899
Due from other governments:	
State aid receivable	133,300
PEIA allocation receivable	983,718
Reimbursements receivable	1,067,036
Total current assets	28,921,139
Noncurrent assets:	
Capital assets not being depreciated:	
Land	3,441,494
Construction in progress	4,232,656
Capital assets being depreciated:	
Buildings and improvements	138,446,137
Furniture and equipment	4,163,588
Vehicles	8,590,312
Less accumulated depreciation	(42,889,262)
Total noncurrent assets	115,984,925
Total assets	144,906,064
LIABILITIES AND NET ASSETS	
Liabilities:	
Salaries payable and related payroll liabilities	6,473,670
PEIA premiums payable	1,099,566
Deferred revenues	679,948
Accounts payable	2,557,415
Other post employment benefit payable - state aid funded employees	14,117,171
Other post employment benefit payable - all other employees	3,003,278
Long-term obligations:	
Due within one year:	
Bonds, capital leases, and contracts	1,382,715
Accrued interest	83,773
Due beyond one year:	
Bonds, capital leases, and contracts	12,008,883
Compensated absences	214,500
Total liabilities	41,620,919

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2011

		Governmental Activities
<hr/>		
Net Assets:		
Invested in capital assets, net of related debt	\$	102,593,327
Restricted for:		
Debt service		1,351,310
Special projects		143,082
Capital projects		6,662,922
Unrestricted		(7,465,496)
Total net assets	\$	103,285,145

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions	Program Revenues				Capital Grants and Contributions	Net (Expense), Revenue & Changes in Net Assets Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions			
Governmental activities:						
Instruction	\$ 66,979,316	\$ 30,515	\$ 8,815,819	\$ 8,430,062	\$	(49,702,920)
Supporting services:						
Students	5,456,251	-	305,256	220,111		(4,930,884)
Instructional staff	2,113,835	-	310,328	85,298		(1,718,209)
District administration	1,678,313	-	85,376	67,822		(1,525,115)
School administration	5,557,061	-	281,794	223,855		(5,051,412)
Business services	2,877,306	-	146,135	116,089		(2,615,082)
Operation and maintenance of facilities	9,742,860	34,439	494,448	392,787		(8,821,186)
Student transportation	8,812,126	-	447,308	1,129,819		(7,234,999)
Food services	5,507,054	697,655	2,206,762	-		(2,602,637)
Community services	75,000	73,700	10,000	-		8,700
Interest on long-term debt	378,099	-	-	-		(378,099)
Total governmental activities	\$ 109,177,221	\$ 836,309	\$ 13,103,226	\$ 10,665,843		(84,571,843)
General revenues:						
Property taxes						40,509,485
Unrestricted state aid						42,938,511
Unrestricted investment earnings						84,528
Unrestricted grants and contributions						868,586
Total general revenues						84,401,110
Change in net assets						(170,733)
Net assets - beginning (Note 13)						103,455,878
Net assets - ending						\$ 103,285,145

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

**JEFFERSON COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2011

	General Current Expense	Special Revenue Fund	Special Revenue ARRA Fund	Debt Service Fund	Capital Projects Fund	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 12,322,500	\$ 1,415,777	\$ 18,824	\$ -	\$ 6,832,489	\$ 20,589,590
Investments	-	-	-	1,327,171	-	1,327,171
Prepaid	136,781	589	-	-	-	137,370
Taxes receivable, net	2,072,565	-	-	107,038	-	2,179,603
Food service receivable, net	-	396,449	-	-	-	396,449
Other receivables	144,122	42,648	1,555,399	-	364,729	2,106,898
Due from other governments:						
State aid receivable	120,908	12,392	-	-	-	133,300
PEIA allocation receivable	983,718	-	-	-	-	983,718
Reimbursements receivable	175,939	329,334	-	-	561,763	1,067,036
Due from other funds	1,520,110	-	-	-	-	1,520,110
Total assets	\$ 17,476,643	\$ 2,197,189	\$ 1,574,223	\$ 1,434,209	\$ 7,758,981	\$ 30,441,245

LIABILITIES AND FUND BALANCES

Liabilities:

Salaries payable and related payroll liabilities	\$ 5,972,489	\$ 482,358	\$ 18,824	\$ -	\$ -	\$ 6,473,671
Other post employment benefits payable:						
state aid funded	14,088,313	26,353	2,505	-	-	14,117,171
all other employees	3,003,278	-	-	-	-	3,003,278
PEIA premiums payable	992,867	97,497	9,203	-	-	1,099,567
Accounts payable	1,010,152	427,622	23,581	-	1,096,061	2,557,416
Deferred revenue	1,592,128	1,020,277	-	82,899	-	2,695,304
Due to other funds	-	-	1,520,110	-	-	1,520,110
Total liabilities	26,659,227	2,054,107	1,574,223	82,899	1,096,061	31,466,517

Fund Balances:

Nonspendable	136,781	589	-	-	-	137,370
Restricted	-	142,493	-	1,351,310	4,515,099	6,008,902
Committed	-	-	-	-	2,147,821	2,147,821
Unassigned	(9,319,365)	-	-	-	-	(9,319,365)
Total fund balances	(9,182,584)	143,082	-	1,351,310	6,662,920	(1,025,272)
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,476,643	\$ 2,197,189	\$ 1,574,223	\$ 1,434,209	\$ 7,758,981	

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

**JEFFERSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2011**

Total fund balances on the governmental fund's balance sheet \$ (1,025,272)

Amounts reported for governmental activities in the statement of net assets are different due to:

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds. (Note 6) 115,984,925

Deferred charges are not reported in the funds

Receivable amounts that 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.

Taxes receivable	1,621,917
Royalty receivable	2,820
E-rate receivable	50,296
Food service receivable	340,330

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Bonds payable	(12,935,000)
Accrued interest on bonds	(83,773)
Capital leases payable	(456,598)
Compensated absences	<u>(214,500)</u>

Net assets of governmental activities \$ 103,285,145

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	General Current Expense	Special Revenue	Special Revenue ARRA	Debt Service Fund	Capital Projects Fund	Total Governmental
Revenues:						
Property taxes	\$ 39,010,613	\$ -	\$ -	\$ 1,830,959	\$ -	\$ 40,841,572
Other Local sources	927,489	946,887	-	5,720	3,897,446	5,777,542
State sources	42,410,249	3,221,436	-	-	5,730,483	51,362,168
Federal sources	968,586	5,248,075	5,140,839	-	-	11,357,500
Total revenues	83,316,937	9,416,398	5,140,839	1,836,679	9,627,929	109,338,782
Expenditures:						
Instruction	53,355,500	4,272,153	4,600,123	-	22,608	62,250,384
Supporting services:						
Students	4,693,196	744,075	17,859	-	-	5,455,130
Instructional staff	3,047,773	675,561	196,263	-	-	3,919,597
Central administration	1,652,222	3,495	13,455	-	8,750	1,677,922
School administration	5,555,868	-	-	-	-	5,555,868
Business	2,828,322	48,249	-	-	-	2,876,571
Operation and maintenance of facilities	9,541,114	1,883	-	-	197,483	9,740,480
Student transportation	7,965,989	844,208	-	-	-	8,810,197
Food services	596,912	4,908,897	-	-	-	5,505,809
Community services	75,000	-	-	-	-	75,000
Capital outlay	-	425,802	358,234	-	9,189,932	9,973,968
Debt service:						
Principal retirement	-	-	-	1,130,000	-	1,130,000
Interest and fiscal charges	-	-	-	545,601	-	545,601
Total expenditures	\$ 89,311,896	\$ 11,924,323	\$ 5,185,934	\$ 1,675,601	\$ 9,418,773	\$ 117,516,527

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Current Expense	Special Revenue	Special Revenue ARRA	Debt Service Fund	Capital Projects Fund	Total Governmental
Excess (deficiency) of revenues over expenditures	\$ (5,994,959)	\$ (2,507,925)	\$ (45,095)	\$ 161,078	\$ 209,156	\$ (8,177,745)
Other financing sources (uses):						
Transfers in	1,688,270	2,660,924	-	-	39,157	4,388,351
Transfers (out)	(2,342,428)	(77,504)	(82,997)	(855,013)	(1,030,409)	(4,388,351)
Total other financing sources (uses)	(654,158)	2,583,420	(82,997)	(855,013)	(991,252)	-
Net change in fund balances	(6,649,117)	75,495	(128,092)	(693,935)	(782,096)	(8,177,745)
Fund balances - beginning	(2,833,469)	67,587	128,092	2,045,245	7,445,016	6,852,471
Restatement of fund balance	300,002	-	-	-	-	300,002
Fund balances - beginning, as restated (Note 13)	(2,533,467)	67,587	128,092	2,045,245	7,445,016	7,152,473
Fund balances - ending	\$ (9,182,584)	\$ 143,082	\$ -	\$ 1,351,310	\$ 6,662,920	\$ (1,025,272)

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

**JEFFERSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
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 \$ (8,177,745)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net assets is the amount by which capital outlays exceed depreciation in the current period. (Note 6)

Depreciation expense	(3,559,218)
Capital outlays	11,242,211

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, rather they are reported as deferred revenues.

Taxes receivable	[current year \$ 2,179,605 less prior year \$2,504,350]	(324,745)
Food service receivable	[current year \$396,449 less prior year \$413,234]	(16,785)
Other receivable	[current year \$62,537 less prior year \$53,299]	9,238

The repayment or addition of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment or addition has no effect on net assets. (Note 7)

Bonds payable	1,290,680
Leases payable	(617,273)

Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net assets in the statement of activities. (Note 6)

Cost of assets disposed	897,415
Accumulated depreciation of assets disposed	(897,415)

Compensated absences are reported as liabilities in the statement of net assets, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences increased. (Note 7)

Accrued vacation payable	(23,923)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

6,827

Change in net assets of governmental activities

\$ (170,733)

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2011

		Agency Funds School Activity Funds
ASSETS		
Cash and cash equivalents	\$	1,112,844
Total assets	\$	1,112,844
LIABILITIES		
Due to Student Activities		1,112,844
Total liabilities	\$	1,112,844

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

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal 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 ultimate standard-setting body for state and local governments.

A. Reporting Entity:

The Jefferson County Board of Education (the 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 board 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 No. 14 (as amended by GASB Statement No. 39) 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 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 Board has no component units, defined by GASB Statement No. 14 (as amended by GASB Statement No. 39) as other legally separate organizations for which the elected board members are financially accountable.

B. Government-wide and Fund Financial Statements:

The Government-wide financial statements (the statement of net assets and the statement of activities) display information about the 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 demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a function or segment and, therefore, are clearly identifiable to a particular function or segment.

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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The fund financial statements provide information about the individual funds maintained by the Board. All funds maintained by the Board are considered to be major funds for reporting purposes and are presented in individual separate columns.

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.

Debt Service Fund: The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the Board for the acquisition of capital assets.

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: School activity funds to account for the assets of the individual schools of the Board, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the Board by a benefactor for the purpose of providing scholarships for graduates of the county school board.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

C. Measurement Focus and Basis of Accounting:

The Government-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 No. 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 collectible within 60 days after year-end, except taxes which are recognized if collectible within 30 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 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. See Note 15 for a summary of the Board's encumbrances.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

E. Cash and Investments:

Custodial Credit Risk

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.

Investments of the Board at June 30, 2011 consisted of the following:

	Carrying Amount	Estimated Fair Value	Book Balance
Municipal Bond Commission	\$1,327,171	\$1,327,171	\$1,327,171

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. **Custodial credit risk** is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short-term investments that are less affected by changes in market rates as compared to long-term investments.

At June 30, 2011, the Board has \$1,327,171 invested with the West Virginia Municipal Bond Commission. Pool investments of the Municipal Bond Commission are held in a Government Money Market with the WV Board of Treasury Investments Consolidated Fund.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Exposure to credit risk in the Government Money Market Pool is limited to U.S. Treasury issues and U.S. government agency issues and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The Board's investments in the Consolidated Fund pool and related accounts have not been rated for credit risk by any organization.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. West Virginia statutes prohibit the Consolidated Fund Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2011, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the Government Money Market Pool within the Consolidated Fund Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

F. Receivables:

The accounts receivable for the Food Service Program has been reduced by \$44,050 for uncollectible accounts. The allowance for uncollectible accounts was calculated based upon 10% of outstanding receivables as of June 30, 2011. There are \$1,555,389 in Special Revenue ARRA Fund receivables.

G. Interfund Receivables and Payables:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. 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.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

I. Capital Assets:

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles are reported in the Government-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 with 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:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Site Improvements	20 – 35
Furniture and Equipment	5 – 20
Vehicles	8 – 12

J. Compensated Absences and Special Termination Benefits:

Compensated Absences:

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 5 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 post-employment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

Special Termination Benefits:

When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board.

The payment of health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia State Legislature appropriates funds that are used by the Board to pay for its obligations for this special termination benefit. Because such appropriations are at the discretion of the Legislature and not guaranteed, the liability for sick leave convertible to health insurance premiums using the vesting method is recorded in the Board's financial statements. The Board records this liability utilizing the guidance of GASB Statements No. 43 and No. 45.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

K. Long-term Obligations:

In the Government-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.

L. Restricted Net Assets:

For the Government-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. Restricted net assets totaled \$1,351,310 for debt service, \$143,082 for special projects and \$6,662,922 for capital projects.

M. 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 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 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.

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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 Board or by a body or official to which the 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.

N. 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.

O. 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.

P. 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.

JEFFERSON COUNTY BOARD OF EDUCATION
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Note 2 - 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.

Note 3 - 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.

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Workers Compensation Fund (WCF): West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the State. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2009 and to government employers July 1, 2010. Nearly every employer in the State, including all boards of education, which have a payroll must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Note 4 - 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 Assessor's Valuation Fund are also to be excluded from the calculation.

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County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2011 were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Bond Purposes</u>
Class I	\$ -	19.40¢	22.95¢	1.98¢
Class II	\$ 2,119,649,580	38.80¢	45.90¢	3.96¢
Class III	\$ 868,421,052	77.60¢	91.80¢	7.92¢
Class IV	\$ 399,273,387	77.60¢	91.80¢	7.92¢

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.

Taxes Receivable:

Taxes receivable as of year end for the Board's funds are as follows:

	<u>General Fund</u>	<u>Bond Purposes</u>	<u>Excess Levy</u>
Taxes Receivable	\$1,640,416	\$ 199,210	\$1,930,420
Less: allowance for uncollectible	\$ (686,339)	\$ (92,172)	\$ (811,932)
Net total taxes receivable	\$ 954,077	\$ 107,038	\$1,118,488

JEFFERSON COUNTY BOARD OF EDUCATION
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Note 5 - Excess Levy:

The Board had an excess levy in effect during the fiscal year ended June 30, 2011. The levy was authorized by the voters of the county at an election held on November 7, 2006 for the fiscal years ended June 30, 2008 through June 30, 2011 to provide funds for the following purposes:

A. Salary supplements and stipends (including employer taxes and fixed costs)	\$ 6,604,973
B. Personnel not funded by state aid formula (including related employer taxes and fixed costs)	3,900,000
C. Employee Benefits	600,000
D. Compensation for substitute employees	700,000
E. School allocations	750,000
F. Instructional materials, including textbooks, library books and classroom supplies	750,000
G. Equipment, facility repair and maintenance	1,600,000
H. Provide school nurse services	350,000
I. Support for local public libraries	45,000
J. Support for WVU Extension Services to Community and Schools	30,000
	<u>\$ 15,329,973</u>

A total of \$21,318,040.14 was received by the Board from the excess levy during the fiscal year ended June 30, 2011.

JEFFERSON COUNTY BOARD OF EDUCATION
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Note 6 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2011, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 3,395,590	\$ 45,904	\$ -	\$ 3,441,494
Construction in progress	9,258,648	9,550,042	(14,576,034)	4,232,656
Total non-depreciable capital assets	<u>12,654,238</u>	<u>9,595,946</u>	<u>(14,576,034)</u>	<u>7,674,150</u>
Capital assets, depreciable:				
Buildings and improvements	123,830,291	14,645,099	(29,253)	138,446,137
Furniture and equipment	4,015,519	756,322	(608,253)	4,163,588
Vehicles	8,029,343	820,878	(259,909)	8,590,312
Total depreciable capital assets	<u>135,875,153</u>	<u>16,222,299</u>	<u>(897,415)</u>	<u>151,200,037</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,836,997)	(2,496,541)	29,253	(36,304,285)
Furniture and equipment	(2,166,928)	(491,672)	608,253	(2,050,347)
Vehicles	(4,223,533)	(571,005)	259,909	(4,534,629)
Total accumulated depreciation	<u>(40,227,458)</u>	<u>(3,559,218)</u>	<u>897,415</u>	<u>(42,889,262)</u>
Total depreciable capital assets, net	<u>95,647,695</u>	<u>12,663,081</u>	<u>-</u>	<u>108,310,775</u>
Total capital assets, net	<u>\$ 108,301,933</u>	<u>\$ 22,259,027</u>	<u>\$ (14,576,034)</u>	<u>\$ 115,984,926</u>

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 2,423,821
Supporting Services:	
Central administration	126,006
Operation and maintenance of facilities	407,954
Transportation	571,005
Food services	30,432
Total depreciation expense - governmental activities	<u>\$ 3,559,218</u>

JEFFERSON COUNTY BOARD OF EDUCATION
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Construction in Progress

The Board has active construction projects as of the fiscal year ended June 30, 2011. The projects include an addition to Blue Ridge Elementary School, an addition and HVAC to Harpers Ferry Middle School, site improvements at North Jefferson Elementary School, and Jefferson High School track. At year end, the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Blue Ridge Elementary Addition		\$ 4,057,158
Harpers Ferry Middle School Addition		135
Harpers Ferry Middle School HVAC		119,327
North Jefferson Elementary Site Improvements		28,651
Jefferson High School Track		27,385
		<u>\$ 4,232,656</u>

Note 7 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2011 is as follows:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>	<u>Amounts due within one year</u>
General obligation debt	\$ 14,065,000	\$ -	\$ 1,130,000	\$ 12,935,000	\$ 1,185,000
Compensated absences	190,577	23,923	-	214,500	214,500
Capital leases payable	-	617,273	160,675	456,598	197,715
Total Long-term liabilities	<u>\$ 14,255,577</u>	<u>\$ 641,196</u>	<u>\$ 1,290,675</u>	<u>\$ 13,606,098</u>	<u>\$ 1,597,215</u>

General Obligation Bonds – General obligation bonds payable at June 30, 2011, with their outstanding balance are comprised of the following individual issue:

Bond Issue of Public Schools Bond, Series 2004	<u>\$ 19,000,000</u>
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Bond Issue of Public Schools Bond, Series 2004:

On November 18, 2004, the Board issued \$19,000,000 in general obligation bonds to provide funds for a new high school construction (Washington High School) and old high school renovations (Jefferson High School). The bonds mature in varying annual increments through May, 2020 and interest is payable semiannually at 3.625% - 4.125%. Payments on the general obligation bonds payable during the year were made from the debt service fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments, are listed as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,185,000	\$ 502,639	\$ 1,687,639
2013	\$ 1,240,000	\$ 459,683	\$ 1,699,683
2014	\$ 1,300,000	\$ 413,183	\$ 1,713,183
2015	\$ 1,365,000	\$ 364,433	\$ 1,729,433
2016	\$ 1,425,000	\$ 313,245	\$ 1,738,245
2017 – 2020	\$ 6,420,000	\$ 669,025	\$ 7,089,025
Total	<u>\$ 12,935,000</u>	<u>\$ 2,722,208</u>	<u>\$ 15,657,208</u>

Total bonded indebtedness at July 1, 2010	\$ 14,065,000
Maturities	<u>(1,130,000)</u>
Total bonded indebtedness at June 30, 2011	<u>\$ 12,935,000</u>

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Note 8 - 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.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2011 for the Board's capital leases:

<u>Year</u>	
2012	\$ 224,477
2013	224,477
2014	33,720
2015	12,000
2016	5,000
Total minimum lease payments	\$ 499,674
Less: Amount representing interest	43,076
Present Value of Minimum lease payments	<u>\$ 456,598</u>

The Board has no operating leases in place as of June 30, 2011.

Note 9 - 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 \$53,249,296 and the payroll was \$49,188,334 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.

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.

**JEFFERSON COUNTY BOARD OF EDUCATION
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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.

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:

<u>Year Ended June 30</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Required contributions	\$ 404,547,000	\$ 487,886,000	\$ 471,171,000
As a % of current year covered payroll	25.89%	29.57%	28.55%

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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 \$3,172,232.

Total payments reflected in the Board's financial statements to the defined benefit plan for the fiscal year ended June 30, 2011 were:

Employees' contributions (6%)	2,505,856
Employer's contributions (15% or 7.5%)	4,015,536
Total contributions	<u>\$ 6,521,392</u>

Teachers' Defined Contribution Retirement System:

Plan Description: All Board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the 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 fiscal year ending June 30, 2009. 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 Intermediate-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, 2011, this plan had approximately \$222 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.

JEFFERSON COUNTY BOARD OF EDUCATION
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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 the fiscal year ended June 30, 2011 were:

Employees' contributions (4.5%)	\$ 333,816
Employer's contributions (7.5%)	<u>556,361</u>
Total contributions	<u>\$ 890,177</u>

The Consolidated Public Employees Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave. S.E., Charleston, WV 25304-1636.

Note 10. Post Employment Benefits Other Than Pension:

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 in 2004 to establish standards for the measurement, recognition, and reporting of Other Post Employment Benefits (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.

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.

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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 Teacher's 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.

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:

	<u>Total</u>	<u>Amount Per Policy Holder</u>
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

That report may be obtained by writing to West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, WV, 25305-0710.

The following summarizes the Board's OPEB activity:

OPEB liability at July 1	\$ 9,328,895
Total OPEB expense	9,594,243
Less:	
State appropriation allocation	
Pay as you go payments and other credits	<u>(1,802,689)</u>
 OPEB at year end	 <u>\$ 17,120,449</u>
Portion attributable to personnel funded through the Public School Support Program (PSSP)	 14,117,171 <u>3,003,278</u>
Portion attributable to remaining personnel	 <u>\$ 17,120,449</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

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.

Note 11. Payments on Behalf:

The Board may receive commitments or payments made by the State or an intermediate governmental jurisdiction for the benefit of the Board or contributions of equipment or supplies. Such revenue includes the payment to a pension fund by the State or an intermediate unit on behalf of the Board's employees for services rendered to the Board. The revenues recorded as Payments on Behalf of the Board are as follows:

Retirement allocation by the State (03911)	\$	3,172,232
Other (03914)	\$	492,388
Retirement allocation by the state for remainder of unfunded liability. (03917)	\$	8,910,543

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.

Note 13 - Restatement of Beginning Balance:

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

	General Current Expense Fund	Government- Wide Statements
	<u> </u>	<u> </u>
Balance at June 30, 2010, as previously stated	\$ (2,833,469)	\$ 103,155,876
Total Adjustments (See Below)	<u>300,002</u>	<u>300,002</u>
Balance at June 30, 2011, Restated	<u>\$ (2,533,467)</u>	<u>\$ 103,455,878</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The adjustments consisted of the following:

General Current Expense Fund:

The adjustments consisted of the forfeiture allotment from the West Virginia Teachers' Defined Contributions system in the amount of \$180,502 and the Other Post Employment Benefits liability in the amount of \$61,672 - See Note 10.

Note 14 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2011 are as follows:

Fund Balance	General Current Expense Fund	Special Revenue Fund	Special Revenue ARRA Fund	Debt Service Fund
Nonspendable:				
Forfeiture	\$ 52,560	\$ -	\$ -	-
Prepaid	84,221	589	-	-
Restricted:				
Special projects	-	142,493	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	1,351,310
Committed:				
Board Designated	-	-	-	-
Unassigned:				
	(9,319,365)	-	-	-
Total fund balances	<u>\$ (9,182,584)</u>	<u>\$ 143,082</u>	<u>\$ -</u>	<u>\$ 1,351,310</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

	<u>Capital Projects Fund</u>		<u>Total Governmental</u>
Nonspendable:			
Inventory	\$ -	\$	52,560
Prepaid	-		84,810
Restricted:			
Special projects	-		142,493
Capital projects	4,515,099		4,515,099
Debt service	-		1,351,310
Committed:			
Board Designated	2,147,821		2,147,821
Unassigned:			(9,319,365)
Total fund balances	<u>\$ 6,662,920</u>	<u>\$</u>	<u>(1,025,272)</u>

Note 15 - Commitments, Contingencies and Subsequent Events:

The Board had encumbrances totaling \$5,501,986 as of June 30, 2011 in the following funds:

General Current <u>Expense</u>	Special Revenue <u>Fund</u>	Special Revenue ARRA <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>
\$ 200,757	\$ 73,086	\$ -	\$ -	\$ 5,228,143

Encumbrances are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

During the fiscal year ended June 30, 2011, the Board was awarded the following grants of \$ 4,071,862 and \$187,900 from the School Building Authority (SBA) to finance the construction of an addition to Harpers Ferry Middle School and a school safety grant.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

As of June 30, 2011 the following commitments for construction and other capital improvements existed, which are included in the restricted fund balance reflected in the accompanying financial statements:

Harpers Ferry Middle School Roof, oil tank, and heating system	\$ 785,000
Jefferson High School track	\$ 300,000
Drivers education vehicles	\$ 40,000

Subsequent to June 30, 2011, the following additional commitments for construction and other capital improvements have been entered into:

Jefferson High School Bleachers ADA Compliance	\$ 25,000
North Jefferson Elementary parking lot	\$ 560,000
Co-Curricular capital needs	\$ 100,000
Blue Ridge Elementary Valley property	\$ 125,000

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 funding 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:

Due to/from other funds:

<u>Receivable</u> <u>Fund</u>	<u>Payable</u> <u>Fund</u>	<u>Amount</u>
General Current Expense	Special Revenue ARRA fund	\$ <u>1,520,110</u>

Transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	Special Revenue	\$ 2,342,428
Debt Service	General	855,013
Special Revenue	General	77,504
Special Revenue ARRA	General	43,840
Capital Projects	General	711,913
Capital Projects	Special Revenue	318,496
Special Revenue ARRA	Capital Projects	39,157
		\$ <u>4,388,351</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Interfund Transfers

During the year ended June 30, 2011, the General Fund transferred \$2,342,428 to the Special Revenue Fund for food service operations, staff development, curricular trips and out of the state instruction. The Debt Service Fund transferred \$855,013 to the General Fund due to debt retirement. The Special Revenue fund and Special Revenue ARRA fund transferred \$121,345 to the General Fund for Indirect Costs (5%). The Capital Projects Fund transferred \$711,913 of Impact Fees to the General Fund and \$279,339 to the Special Revenue and Special Revenue ARRA funds to cover maintenance projects.

Note 17 - Impact Fees:

Jefferson County, West Virginia, implemented the charge of impact fees that are a one-time payment which may be assessed by a municipality to offset the costs to the municipality associated with providing necessary public services. Impact Fees for the county are proportionate and reasonably related to the capital facility service demands of new development. The fee methodologies establish that the fees will substantially benefit new development. These impact fees are for Schools, Parks and Recreation, Law Enforcement, Fire/EMS and County Facilities and Vehicles.

The balance of the school impact fee account was \$623,655 as of June 30, 2010 and \$1,780,777 as of June 30, 2011.

Note 18 - Table Referendum:

Jefferson County Board of Education receives a monthly distribution directed by the West Virginia Lottery Commission in compliance with Code section §29-22C-27. The special fund in the State Treasury is known as the West Virginia Lottery Racetrack Table Games Fund. The total distribution for fiscal year 2011 was \$3,892,175.

The balance of the West Virginia Lottery Racetrack Table Games Fund was \$0 as of June 30, 2010 and \$2,767,675 as of June 30, 2011.

Note 19 - Major Sources of Revenue:

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments		Actual Amounts		Variance With Final Budget Favorable (Unfavorable)
	Original	Final		Budget Basis	Budget Basis	Budget Basis	Budget Basis	
Revenues:								
Property taxes	\$ 38,489,863	\$ 38,489,863	\$ 39,010,613	\$ -	\$ 39,010,613	\$ -	\$ 520,750	
Other Local sources	1,402,624	1,418,900	927,489	-	927,489	-	(491,411)	
State sources	32,388,671	32,846,451	42,410,249	-	42,410,249	-	9,563,798	
Federal sources	450,000	450,000	968,586	-	968,586	-	518,586	
Total revenues	72,731,158	73,205,214	83,316,937	-	83,316,937	-	10,111,723	
Expenditures:								
Instruction	45,523,108	44,166,485	53,355,500	(5,122,614)	48,232,886		(4,066,401)	
Supporting services:								
Students	3,228,456	3,927,530	4,693,196	(517,356)	4,175,840		(248,310)	
Instructional staff	2,286,713	2,368,374	3,047,773	(205,027)	2,842,746		(474,372)	
Central administration	1,336,926	1,393,359	1,652,222	(99,789)	1,552,433		(159,074)	
School administration	4,443,745	4,426,462	5,555,868	(498,474)	5,057,394		(630,932)	
Business	2,398,615	2,611,159	2,828,322	(174,275)	2,654,047		(42,888)	
Operation and maintenance of facilities	8,061,094	8,868,105	9,541,114	(413,442)	9,127,672		(259,567)	
Student transportation	6,333,051	6,874,996	7,965,989	(451,189)	7,514,800		(639,804)	
Food services	-	-	596,912	(280,530)	316,382		(316,382)	
Community services	75,000	75,000	75,000	-	75,000		-	
Total expenditures	73,686,708	74,711,470	89,311,896	(7,762,696)	81,549,200		(6,837,730)	
Excess (deficiency) of revenues over expenditures	(955,550)	(1,506,256)	(5,994,959)	7,762,696	1,767,737		3,273,993	

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments		Actual Amounts Budget Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		Budget Basis	Basis		
Other financing sources (uses):							
Transfers in	\$ 1,850,000	\$ 955,013	\$ 1,688,270	\$ -	\$ 1,688,270	\$ 733,257	
Transfers (out)	(2,544,451)	(2,509,451)	(2,342,428)	-	(2,342,428)	167,023	
Total other financing sources (uses)	(694,451)	(1,554,438)	(654,158)	-	(654,158)	900,280	
Net Change in fund balance	(1,650,001)	(3,060,694)	(6,649,117)	7,762,696	1,113,579	4,174,273	
Fund balance - beginning	3,000,000	4,187,230	(2,833,469)	9,328,895	6,495,426	2,308,196	
Restatement of fund balance	-	-	300,002	-	300,002	300,002	
Fund balance - ending	\$ 1,349,999	\$ 1,126,536	\$ (9,182,584)	\$ 17,091,591	\$ 7,909,007	\$ 6,782,471	

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ 1,182,000	\$ 1,512,510	\$ 946,887	\$ (565,623)
State sources	2,235,968	3,274,468	3,221,436	(53,032)
Federal sources	4,593,937	5,269,418	5,248,075	(21,343)
Total revenues	8,011,905	10,056,396	9,416,398	(639,998)
Expenditures:				
Instruction	2,985,622	4,213,975	4,272,153	(58,178)
Supporting services:				
Students	779,887	847,103	744,075	103,028
Instructional staff	209,761	799,433	675,561	123,872
Central administration	92,823	-	3,495	(3,495)
Business	-	3,190	48,249	(45,059)
Operation and maintenance of facilities	-	1,883	1,883	-
Student transportation	799,780	973,768	844,208	129,560
Food services	4,600,000	4,659,218	4,908,897	(249,679)
Capital outlay	-	297,375	425,802	(128,427)
Total expenditures	9,467,873	11,795,945	11,924,323	(128,378)
Excess (deficiency) of revenues over expenditures	(1,455,968)	(1,739,549)	(2,507,925)	(768,376)
Other financing sources (uses):				
Transfers in	2,105,000	2,488,196	2,660,924	172,728
Transfers (out)	(649,032)	(740,647)	(77,504)	663,143
Total other financing sources (uses)	1,455,968	1,747,549	2,583,420	835,871
Net Change in fund balance	-	8,000	75,495	67,495
Fund balance - beginning	(196,350)	(152,633)	67,587	220,220
Fund balance - ending	\$ (196,350)	\$ (144,633)	\$ 143,082	\$ 287,715

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND - ARRA
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 2,679,215	\$ 5,141,631	\$ 5,140,839	\$ (792)
Miscellaneous sources	-	216,778	-	(216,778)
Total revenues	2,679,215	5,358,409	5,140,839	(217,570)
Expenditures:				
Instruction	2,679,215	3,161,077	4,600,123	(1,439,046)
Supporting services:				
Students	-	18,526	17,859	667
Instructional staff	-	128,948	196,263	(67,315)
Central administration	-	18,780	13,455	5,325
Capital outlay	-	358,233	358,234	(1)
Total expenditures	2,679,215	3,685,564	5,185,934	(1,500,370)
Excess (deficiency) of revenues over expenditures	-	1,672,845	(45,095)	(1,717,940)
Other financing sources (uses):				
Transfers in	-	(39,157)	-	39,157
Transfers (out)	-	(1,544,209)	(82,997)	1,461,212
Total other financing sources (uses)	-	(1,583,366)	(82,997)	1,500,369
Net Change in fund balance	-	89,479	(128,092)	(217,571)
Fund balance - beginning	-	-	128,092	128,092
Fund balance - ending	\$ -	\$ 89,479	\$ -	\$ (89,479)

The notes to the required supplementary information are an integral part of this schedule.

**JEFFERSON COUNTY BOARD OF EDUCATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Fiscal Year Ended June 30, 2011**

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 statutes, 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.

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.

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.

Fund: General Fund

<u>Function</u>	<u>Amount</u>
Instruction	\$ (4,066,401)
Students	(248,310)
Instructional Staff	(474,372)
Central Administration	(159,074)
School Administration	(630,932)
Business	(42,888)
Operation and Maintenance of Facilities	(259,567)
Student Transportation	(639,804)
Food Service	(316,382)
Total General Fund	<u>\$ (6,837,730)</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011

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 are caused primarily by the fact that county boards of education are being required by WV Code §5-16D-6 to report the annual portion of the accrued actuarial liability due the West Virginia Retiree Health Benefit Trust Fund (RHBT) for Other Post Employment Benefits (OPEB) as a current liability in the fund basis statements. In addition, GASB 24 establishes standards of accounting and financial reporting for/on behalf payments for fringe benefits and salaries. \$8.9 million is recognized as additional for/on behalf payments made by the State to CPRB on behalf of Jefferson County Board of Education.

Fund:	Special Revenue Fund	
	<u>Function</u>	<u>Amount</u>
	Instruction	\$ (58,178)
	Central Administration	(3,495)
	Business	(45,059)
	Food Services	(249,679)
	Capital Outlay	(128,427)
		<u>\$ (484,838)</u>

The Special Revenue Fund had a reserve of \$652,387 to cover the over expenditures in its various programs.

Fund:	Special Revenue ARRA Fund	
	<u>Function</u>	<u>Amount</u>
	Instruction	\$ (1,439,046)
	Instructional Staff	(67,315)
		<u>\$ (1,506,361)</u>

Special Revenue ARRA fund had a reserve of \$1,533,001 to cover over expenditures in its Instruction and Instructional staff programs.

C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund had deficiencies in net changes in fund balances for the year ended June 30, 2011:

	<u>Fund</u>	<u>Amount</u>
	Special Revenue ARRA Fund	\$ (128,092)

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Fund.

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ 1,673,601	\$ 1,673,601	\$ 1,830,959	\$ 157,358
State sources	-	-	5,720	5,720
Total revenues	1,673,601	1,673,601	1,836,679	163,078
Expenditures:				
Debt service:				
Principal retirement	1,130,000	2,316,031	1,130,000	1,186,031
Interest and fiscal charges	543,601	543,601	545,601	(2,000)
Total expenditures	1,673,601	2,859,632	1,675,601	1,184,031
Excess (deficiency) of revenues over expenditures	-	(1,186,031)	161,078	1,347,109
Other financing sources (uses):				
Transfers (out)	-	(859,214)	(855,013)	4,201
Total other financing sources (uses)	-	(859,214)	(855,013)	4,201
Net Change in fund balance	-	(2,045,245)	(693,935)	1,351,310
Fund balance - beginning	-	2,045,245	2,045,245	-
Fund balance - ending	\$ -	\$ -	\$ 1,351,310	\$ 1,351,310

The notes to the supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ 3,000,000	\$ 3,897,446	\$ 897,446
State sources	-	14,470,530	5,730,483	(8,740,047)
Total revenues	-	17,470,530	9,627,929	(7,842,601)
Expenditures:				
Instruction	-	40,000	22,608	17,392
Central Administration	-	20,000	8,750	11,250
Capital outlay	-	1,325,280	9,189,932	(7,864,652)
Operation and Maintenance of Facilities	-	22,430,232	197,483	22,232,749
Total expenditures	-	23,815,512	9,418,773	14,396,739
Excess (deficiency) of revenues over expenditures	-	(6,344,982)	209,156	6,554,138
Other financing sources (uses):				
Transfers in	-	2,174,026	39,157	(2,134,869)
Transfers (out)	-	(290,000)	(1,030,409)	(740,409)
Total other financing sources (uses)	-	1,884,026	(991,252)	(2,875,278)
Net Change in fund balance	-	(4,460,956)	(782,096)	3,678,860
Fund balance - beginning	-	318,775	7,445,016	7,126,241
Fund balance - ending	\$ -	\$ (4,142,181)	\$ 6,662,920	\$ 10,805,101

The notes to the supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2011

	Cash Balance 7/1/2010	Revenues Received	Expenditures Paid	Cash Balance 6/30/2011
High Schools:				
Jefferson High School	\$ 290,024	\$ 660,215	\$ 673,239	\$ 277,000
Washington High School	222,203	465,668	425,818	262,053
Total high schools	<u>512,227</u>	<u>1,125,883</u>	<u>1,099,057</u>	<u>539,053</u>
Middle and Junior High Schools:				
Charles Town Middle School	67,625	158,395	165,959	60,061
Harpers Ferry Middle School	65,906	114,881	128,349	52,438
Shepherdstown Middle School	68,925	65,171	75,065	59,031
Wildwood Middle School	61,410	167,919	157,609	71,720
Total middle and junior high schools	<u>263,866</u>	<u>506,366</u>	<u>526,982</u>	<u>243,250</u>
Elementary Schools:				
Blue Ridge Elementary School	43,785	67,154	65,205	45,734
North Jefferson Elementary School	20,693	46,985	42,569	25,109
Page Jackson Elementary School	18,975	62,746	64,575	17,146
Ranson Elementary School	26,583	31,693	32,226	26,050
Shepherdstown Elementary School	64,055	77,360	84,756	56,659
C.W. Shipley Elementary School	48,370	50,840	53,457	45,753
South Jefferson Elementary School	33,856	120,374	114,901	39,329
Wright Denny Intermediate School	29,673	79,471	84,113	25,031
T.A. Lowery Elementary School	30,332	75,926	68,591	37,667
Driswood Elementary School	-	54,328	42,265	12,063
Total elementary schools	<u>316,322</u>	<u>666,877</u>	<u>652,658</u>	<u>330,541</u>
Total	<u>\$ 1,092,415</u>	<u>\$ 2,299,126</u>	<u>\$ 2,278,697</u>	<u>\$ 1,112,844</u>

The notes to the supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011

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 statutes, 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.

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.

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.

Fund: Debt Service Fund

<u>Function</u>	<u>Amount</u>
Interest and fiscal charges	\$ (2,000)
	<u>(2,000)</u>

The overexpenditures in these programs were funded by a reduction of expenditures in the remaining instructional programs, available beginning fund balance, and revenues received in excess of the anticipated amounts budgeted.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011**

C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund had deficiencies in net changes in fund balances for the year ended June 30, 2011:

<u>Fund</u>	<u>Amount</u>
Debt Service Fund	\$ (693,935)
Capital Projects Fund	(782,096)

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Funds.

SINGLE AUDIT REPORTING PACKAGE

**JEFFERSON COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2011**

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State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

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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*

Honorable Members of the
Jefferson County Board of Education
Charles Town, West Virginia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education (the Board), as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements and have issued our report thereon, dated March 28, 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

Management of the Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-01, 11-05 and 11-07. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 11-02, 11-03, 11-04, 11-06 and 11-08.

We noted certain matters that we reported to management of the Board in a separate letter dated March 28, 2012.

The Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Board's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the West Virginia Department of Education, the Board, others within the entity, 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.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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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

Honorable Members of the
Jefferson County Board of Education
Charles Town, West Virginia

Compliance

We have audited the compliance of the Jefferson County Board of Education (the Board), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Board'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 the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-09.

In our opinion, except for the noncompliance described in the preceding paragraph, the Board 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 Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with 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 Board'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.

The Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Board's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board, the West Virginia Department of Education, others within the entity, 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.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Agriculture			
<i>Child Nutrition - Cluster:</i>			
Pass-through West Virginia Department of Agriculture			
National School Lunch Program (Noncash - See Note 3)	88	10.555	\$ 289,908
Pass-through West Virginia Department of Education			
School Breakfast Program		10.553	
National School Lunch Program	88	10.555	1,515,350
Summer Food Service Program for Children	88	10.559	<u>37,477</u>
<i>Total Child Nutrition Cluster</i>			<u>1,552,827</u>
Fresh Fruit and Vegetable Program	88	10.582	<u>19,251</u>
Total U. S. Department of Agriculture			<u><u>1,861,986</u></u>
U. S. Department of Education			
Pass-through West Virginia Department of Education			
Adult Education - Basic Grants to States	61	84.002	<u>82,319</u>
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	41	84.010	1,017,681
Title I Grants to Local Educational Agencies, Recovery Act	41	84.389	<u>224,161</u>
<i>Total Title I, Part A Cluster</i>			<u>1,241,842</u>
Impact Aid	25	84.041	<u>302,877</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Pass-through West Virginia Department of Education			
<i>Special Education Cluster (IDEA):</i>			
Special Education -			
Grants to States (IDEA, Part B)	43	84.027	\$ 1,736,335
Grants to States (IDEA, Part B) Recovery Act	43	84.391	677,711
Preschool Grants (IDEA Preschool)	43	84.173	31,819
<i>Total Special Education Cluster (IDEA)</i>			2,445,865
Career and Technical Education - Basic			
Grants to States	50	84.048	74,637
Safe and Drug-Free Schools and Communities - State Grants	48	84.186	4,337
Education for Homeless Children and Youth	54	84.196	8,233
English Language Acquisition Grants	45	84.365	63,524
Mathematics and Science Partnerships	40	84.366	75,308
Improving Teacher Quality			
State Grants	40	84.367	364,218
Education Technology State Grants, Recovery Act	58	84.386	18,780
Pass-through West Virginia Governor's Office			
Education Jobs Fund, Recovery Act	52	84.410	1,533,001
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	52	84.394	2,417,888
Total U. S. Department of Education.			\$ 8,632,829

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Health and Human Services			
Pass-through West Virginia Department of Education			
Healthy Lifestyles Act	49	93.293	\$ <u>200</u>
Total U. S. Department of Health and Human Services			\$ <u>200</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u><u>10,495,015</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Board and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the financial statements.

Note 2. Child Nutrition Program

Child Nutrition Program [CFDA #10.555 and #10.559] expenditures of federal awards are based on the amount of federal funding received for each of the programs. Since the amount of total expenditures for the programs exceeds the amount of the federal awards received, it is presumed that the total received from the federal awards has been expended. The amount of expenditures funded by meal sales, sponsor's contributions and state matching funds for both programs has not been included in the Schedule of Expenditures of Federal Awards. The total combined expenditures for the two programs as funded from all sources was \$4,803,487.

Note 3. Donated Food Value

Donated food distribution represents surplus agricultural commodities received from the U.S. Department of Agriculture passed through from the West Virginia Department of Agriculture. Commodities are valued based on amounts as established by the U.S. Department of Agriculture. For the year ended June 30, 2011 total value of the donated food inventories was \$289,908 which is included in the Child Nutrition cluster of programs.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued :	<u>Unqualified</u>
<u>Internal control over financial reporting :</u>	
• Material weaknesses identified ?	<u>No</u>
• Significant deficiencies identified that are not considered to be material weaknesses ?	<u>Yes</u>
Noncompliance material to financial statements noted ?	<u>Yes</u>

Federal Awards

Internal control over major programs :	
• Material weaknesses identified ?	<u>No</u>
• Significant deficiencies identified that are not considered to be material weaknesses ?	<u>No</u>
Type of auditor's report issued on compliance for major programs :	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section §__510(a) of OMB Circular A-133 ?	<u>Yes</u>

Identification of major programs :

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Child Nutrition Cluster	10.553/10.555/10.559
Title I Cluster	84.010/84.389
Special Education Cluster	84.027/84.173/84.391
Impact Aid	84.041
Title II Improving Teacher Quality State Grants	84.367
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394
Education Jobs Fund - Education Grants to States, Recovery Act	84.410

Dollar threshold used to distinguish between type A and type B program:	\$314,850
Auditee qualified as low-risk auditee ?	<u>No</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section II - Financial Statement Findings

Internal Controls

#11-01

CONDITION:

We determined during our audit of the Jefferson County Board of Education that adequate internal controls were not being utilized.

CONTEXT:

Specifically, we noted the following problems in our federal sample of expenditures:

Title I

- For one invoice there was no evidence of director's approval. (\$4,356.47 or 4.74% of the total sample dollars.)
- For two invoices the expenditure was for food that did not appear to be for parent involvement meetings. (\$4,844.97 or 5.27% of the total sample dollars.)
- One purchase order was dated after the date on the invoice. (\$1,500 or 1.63% of the total sample dollars.)
- On five instances the disbursement was not made in a timely manner. (\$5,507.98 or 5.99% of the total sample dollars.)
- Four expenditures, were not properly coded. (\$4,150.48 or 4.51% of the total sample dollars.)

Child Nutrition

- For one invoice there was no evidence of approval by the Director of the program. (\$1,249 or .86% of the total sample dollars.)
- For one expenditure the purchase order was dated after the invoice. (\$197 or .14% of the total sample dollars.)

CRITERIA:

Proper internal controls should be applied for purchasing procedures for the Board to assist in the prevention of errors or any misuse of funds.

CAUSE:

Adequate in-office procedures have not been developed to assure that proper internal controls are being utilized.

EFFECT:

As a result of this weakness, the purchasing function could cause expenditures to be inaccurate as they pertain to the budget and actual costs.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Internal Controls
#11-01 (continued)**

RECOMMENDATION:

The Jefferson County Board of Education should design, document, and implement a formal adequate internal control structure to ensure the proper classification, recording, reporting and safeguarding of assets. In addition, policies and procedures are needed to reduce the risk of noncompliance, errors or irregularities.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Title I Program Coordinator will sign and date all invoices. The Title I secretary will confirm signature prior to submitting to Finance for payment. Finance will confirm signature authorization prior to processing payment and return if not signed.

The Title I Program Coordinator will verify all costs are allowable under the Title I program prior to authorizing, signing and submitting purchase requisition/purchase order for approval. Assistant Superintendent of Curriculum and Instruction will return and not authorize purchase orders with unallowable costs.

The Title I Program Coordinator will submit appropriate documentation to Finance in a timely matter for processing payment. Any issues related to untimely payment of invoices should be documented on the invoice to confirm correspondence with the vendor. Finance will also document invoices with any correspondence related to untimely payment of invoices.

The Title I Program Coordinator will verify (via the Chart of Accounts) that the appropriate account code is used when submitting a purchase requisition for goods and/or services.

The Child Nutrition Coordinator or designee will sign and date all invoices. The Child Nutrition secretary will confirm signature prior to submitting to Finance for payment. Finance will confirm signature authorization prior to processing payment and return if not signed.

The Child Nutrition Coordinator will send a memorandum reminding all staff that purchase orders must be in place prior to ordering goods and/or services.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Treasurer's Bond
#11-02**

CONDITION:

We noted during our audit that the Board Treasurer did not provide adequate bond based on the amount of prior years expenditures.

CONTEXT:

Specifically, the treasurer of the Jefferson County Board of Education was bonded for \$350,000. The Jefferson County Board of Education had prior year expenditures of \$109,987,804 which requires the treasurer to be bonded for at least \$600,000.

CRITERIA:

West Virginia Code §18-9-6 states, in part, that:

"Upon appointment this person shall be titled and referred to as treasurer of the board of education. For the faithful performance of this duty, he shall execute a bond, to be approved by the board of education in the penalty to be fixed by the board of education, not to exceed the amount of school funds which it is estimated he will handle within any period of two months."

The Handbook for School Finance prepared by the W.V. Department of Education, states, in part, that:

"The county board must also set the amount of the bond, the amount of which is not to exceed the amount of funds which it is estimated will be handled within any two months, but not less than the amounts according to the following schedule : " (schedule appears in the handbook)

CAUSE:

The Board failed to consider the level of expenditures for the prior year for all funds when determining the amount of bond to be set for the treasurer.

EFFECT:

As a result of this non-compliance, the level of bonding was not sufficient, thereby not providing adequate protection to the Board.

RECOMMENDATION:

The Jefferson County Board of Education should establish procedures to be sure that all prior year expenditures are considered when determining the minimum amount of the Treasurer's bond.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will review and execute appropriate amount of Treasurer's bond after the audited financial statements have been completed.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Individual Schools (JHS)

#11-03

CONDITION:

The Jefferson County Board of Education did not have adequate internal control procedures to assure compliance at the individual school level for Jefferson High School.

CONTEXT:

Specifically, we reviewed Jefferson High School and the following matters were noted:

- For five expenditures, a list of students participating in activities or trips was not attached to invoices.
- Not all voided checks were properly voided or defaced.
- Five checks were issued with only one signature.
- Not all fundraiser reports were available for review.
- Tickets could not be traced from one event to the next and a year long reconciliation was not performed.

CRITERIA:

The *Accounting Procedures Manual for the Public Schools in the State of West Virginia* as prepared by the West Virginia State Department of Education, states, in part, that:

- "1-19. Authorized Expenditures:

All moneys received by a school are considered quasi-public funds and are to be expended for the benefit of the students at the school. Items for which quasi-public funds shall not be expended include flowers, gifts, banquets, or service awards for school employees.

To void a check, write the word "VOID" across the face of the check and check stub. Retain the voided check and file in numeric order with all checks paid by the bank. Leave the check stub for the voided check in the checkbook. Never discard voided checks or check stubs.

Two signatures are required on every check issued by the school, regardless of the fund from which issued. Both signatures cannot be by the same individual.

- 1-13. Fund Raisers

A profit and loss statement must be prepared and made available for public inspection for each fund raising activity conducted by a school that shows gross proceeds, cost of goods sold and net proceeds.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Individual Schools (JHS)
#11-03 (continued)**

• 1-14. Gate Receipts

A ticket reconciliation report must be prepared for each event to reconcile tickets sold to cash collected. The report must show the following: beginning cash balance; first and last numbers of each type of ticket sold (student, adult, other); total number of tickets sold by type; price of each type of ticket; total sales; ending cash balance; total cash in cash box; and differences, if any. In addition, total sales from tickets sold prior to the event must be shown. The reconciliation report must also show the activity and date, and must be signed by the preparer and the principal."

CAUSE:

The Board does not have adequate controls to assure that proper accounting procedures are performed for each individual school and that all individual schools meet the requirements set forth by the *Accounting Procedures Manual for the Public Schools in the State of West Virginia* as prepared by the West Virginia State Department of Education.

EFFECT:

These noncompliance issues increase the risk that errors and/or irregularities may occur at the individual school level.

RECOMMENDATION:

The management of the Jefferson County Board of Education and Jefferson High School should take steps to ensure that office procedures are implemented to require compliance with the Accounting Procedures Manual for the Public Schools in the State of West Virginia. Specifically, Chapters 1-13, 1-14, and 1-19 should be complied with.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Any invoices submitted for travel expenses incurred by students will be supported by an itemized statement which lists the date and purpose of the trip, the names of all students and chaperones on the trip and the amounts paid.

All voided checks will have "VOID" across the face of the check and the check stub. In addition all voided checks will have the signature line item removed and shredded.

All checks will be reviewed for dual signatures by the secondary signor and prior to disbursement.

Effective 7/1/11 "event codes" were implemented for tracking fund raisers in the school accounting software. No fundraisers are permitted at JHS without an event code. The "event codes" provide tracking of revenue and expenditures and produce profit and loss statements.

An individual spreadsheet to track beginning and ending ticket numbers for all events will be maintained effective 3/1/12. Family and event passes are tracked and numbered and reconciled on a separate spreadsheet.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Federal Employer Identification Number

#11-04

CONDITION:

We noted during our audit of the Jefferson County Board of Education that organizations not controlled by the Jefferson County Board of Education are using the Federal Employer Identification Number of the Board. Also, we discovered one account that was maintained by the Board that was not identified.

CONTEXT:

Specifically, the following are examples of organizations not under control of the Board that were using the Board's FEIN; the Jefferson County School Personnel Association and a local Cub Scout Pack 420. There was a bank account maintained at MVB Bank with a balance of \$138 that was not in the Board's cash listing.

CRITERIA:

The Accounting Procedures Manual for the Public Schools in the State of West Virginia, Chapter 5, Parent-Teacher Associations, Booster Groups and Other School Support Organizations, states, in part that:

"5-4 Banks Accounts:

Every bank account in which the organization funds are deposited should be insured.....The account should contain the name of the organization and the organization's Federal Employer Identification Number (FEIN)."

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

CAUSE:

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

EFFECT:

The Board's FEIN is now associated with organizations not under the control of the Board and the Board may have assumed certain fiscal responsibilities associated with these organizations.

RECOMMENDATION:

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will send a formal written notification to all organizations currently using the Board's FEIN number and request that these accounts be closed effective immediately.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Child Nutrition Policy
#11-05**

CONDITION:

We noted during our audit of the Jefferson County Board of Education that the collection policy that was established for the Child Nutrition program was not being followed.

CONTEXT:

Specifically, the Child Nutrition program was not following the collection policy regarding their no charge list and when delinquent accounts were to be turned over to an outside collection agency. In our sample, we noted 10 instances in which secondary students account balances continued to rise after the point where they should have been unable to charge.

CRITERIA:

According to the Procedures for Collection of Child Nutrition Accounts, once both elementary and secondary aged school children reach a balance of \$65 or more an official notification letter will be sent to the parents. If payment is not received within 60 days, the delinquent accounts will be turned over to a collection agency or the Magistrate Court of Jefferson County.

Also, for secondary school aged children only, once the balance becomes \$65 or more, the child is placed on a no charge list until they pay down the balance to below \$65.

CAUSE:

Jefferson County Board of Education did not have sufficient internal controls pertaining to adding children to the no charge list. Several children were left off the list resulting in delinquent balances much larger than the limit. Also, the Board does not turn over all delinquent accounts to an outside collection agency or the Magistrate Court of Jefferson County.

EFFECT:

All delinquent accounts were not turned over to a collection agency to try to collect on the outstanding balances. Also several students enrolled in Jefferson County Schools were left off the no charge list resulting in receivable balances exceeding the limit. This results in an increased risk that the board may not be able to collect on their food service receivable balances.

RECOMMENDATION:

It is recommended that the Jefferson County Board of Education implement internal controls to ensure that all the Board of Education's Child Nutrition policies are being followed for all students.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Child Nutrition Coordinator will adhere to the Procedures for Collection of Child Nutrition Accounts for all students.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Personnel/Payroll Records

#11-06

CONDITION:

The Jefferson County Board of Education did not execute proper contracts for all personnel, did not have all current contracts in the personnel files, did not prepare supplementary contracts for all extra duties, did not maintain work a experience ledger, did not maintain all employment verification forms, and there were inconsistencies from payroll records and the certified list.

CONTEXT:

We sampled 25 payroll records and found:

- One instance of incorrect wording on a contract. The contract was worded as a probationary contract but was being utilized as a continuing contract.
- Four instances of utilizing a contract that has not been updated to reflect the current position or the correct number of days
- Two instances of an employee fulfilling an extra duty position that there was not a contract for.
- Human resources did not maintain a work experience ledger so that years of experience for each employee was determinable. The Board relies on WVEIS and a letter sent out each year to maintain years of service.
- The Board did not verify all previous employment for which employees were being paid for years of experience.
- One instance of an employee being coded to the incorrect federal program code on the certified list.
- Two instances of the number of working days for an employee conflicting from the certified list to the contract.

CRITERIA:

West Virginia Code §18A-2-5 states, in part, that:

"Before entering upon their duties service personnel shall execute with the board a written contract ..."

In order to maintain adequate control over payroll and financial records it is necessary to maintain accurate and updated records on days worked, years of experience and salaries paid for all employees.

In order to assure proper payment of salaries and salary related expenses controls must be in place to verify the calculation of payment and related expenses.

CAUSE:

Jefferson County Board of Education's Human Resources Department did not ensure that all necessary information was maintained in the personnel files to properly determine that each employee was paid according to state statutes.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Personnel/Payroll Records
#11-06 (continued)**

EFFECT:

As a result, questions could arise regarding the proper employment and the validity of employment of certain individuals. In addition, the risk of errors in the amount of salary and related expenses remitted for any individual has been increased.

RECOMMENDATION:

The Jefferson County Board of Education should adopt proper procedures that require the use of forms/contracts as prescribed by the state superintendent of schools to contract services for all personnel, as required by state statute. Experience ledgers should be reviewed and updated on a regular basis to assure accuracy. All prior work experience should be verified from the correct officials. The finance office and human resources department should collaborate more effectively to ensure that the certified list is accurate.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Human Resources Coordinator will continue to review all contracts for accuracy.

The Human Resources Coordinator will continue to monitor contracts for changes and issue a new contract if required.

The Human Resources Coordinator will implement a procedure to insure all employees fulfilling an extra duty position will have a contract if required.

The Human Resources Coordinator has a procedure to maintain work experience for each employee.

The Human Resources Coordinator has a procedure to insure that all previous years of employment are verified for all positions within the systems.

The Human Resources Coordinator has a procedure to insure that the certified list is reviewed for correct federal program codes and number of working days prior to submission.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**West Virginia Business License
#11-07**

CONDITION:

During the audit of the Jefferson County Board of Education, we noted the Jefferson County Board of Education did not have procedures in place to ensure that all vendors they used had a valid West Virginia Business License.

CONTEXT:

Specifically, the Jefferson County Board of Education did not determine that all new vendors had a valid West Virginia Business License.

CRITERIA:

Proper policies and procedures should be applied to ensure that all vendors are actual vendors and are licensed to conduct business in the state of West Virginia.

CAUSE:

The Jefferson County Board of Education did not have any policies or procedures to ensure that all vendors were valid vendors and had a valid West Virginia Business License that allows them to conduct business in the state.

EFFECT:

As a result, the Board has an increased risk that a false vendor will not be detected in a timely manner.

RECOMMENDATION:

The Jefferson County Board of Education should adopt proper procedures that require all new vendors to have a current, valid West Virginia Business License before paying for any goods or services.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will implement a procedure beginning fiscal year 2013 that modifies the new vendor application packet to include a line item for providing a vendor's WV Business License.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Expenditures in Excess of Amounts Allocated in the Budget

#11-08

CONDITION:

We determined during our audit of the Jefferson County Board of Education that the Board incurred expenditures and/or obligations for certain items in excess of the amounts allocated for those items in the budget as last revised.

CONTEXT:

Specifically, expenditures and/or obligations in the following accounts for the General Current Expense Fund, Special Revenue Fund, Special Revenue Fund - ARRA and Debt Service Fund were in excess of the approved budget amounts:

General Current Expense Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 44,166,485	\$ 48,232,886	\$(4,066,401)
Students	\$ 3,927,530	\$ 4,175,840	\$ (248,310)
Instructional Staff	\$ 2,368,374	\$ 2,842,746	\$ (474,372)
Central Administration	\$ 1,393,359	\$ 1,552,433	\$ (159,074)
School Administration	\$ 4,426,462	\$ 5,057,394	\$ (630,932)
Business	\$ 2,611,159	\$ 2,654,047	\$ (42,888)
Operation and Maintenance of Facilities	\$ 8,868,105	\$ 9,127,672	\$ (259,567)
Student Transportation	\$ 6,874,996	\$ 7,514,800	\$ (639,804)
Food Service	\$ -	\$ 316,382	\$ (316,382)

Special Revenue Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 4,213,975	\$ 4,272,153	\$ (58,178)
Central Administration	\$ -	\$ 3,495	\$ (3,495)
Business	\$ 3,190	\$ 48,249	\$ (45,059)
Food Services	\$ 4,659,218	\$ 4,908,897	\$ (249,679)
Capital Outlay	\$ 297,375	\$ 425,802	\$ (128,427)

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Expenditures in Excess of Amounts Allocated in the Budget
#11-08 (continued)**

Special Revenue Fund - ARRA

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 3,161,077	\$ 4,600,123	\$(1,439,046)
Instructional Staff	\$ 128,948	\$ 196,263	\$ (67,315)

Debt Service Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Interest and Fiscal Charges	\$ 543,601	\$ 545,601	\$ (2,000)

CRITERIA:

West Virginia State Code §18-9B-10 states:

"County boards of education shall :

1. Authorize the expenditure of funds and incur obligations only in accordance with the budget and the expenditure schedule;
2. Make transfers between items of appropriation only with the prior written approval of the board of finance."

CAUSE:

The Jefferson County Board of Education failed to maintain effective budgetary controls to prevent expenditures and/or obligations in excess of amounts allocated in the budget.

EFFECT:

This overexpenditure did not cause the total budget of the funds to be overexpended, however, overexpenditures can lead to serious financial difficulty for the Board, including, but not limited to, the inability to meet current obligations.

RECOMMENDATION:

It is recommended that the Jefferson County Board of Education implement effective budgetary controls to ensure that actual expenditures and/or obligations do not exceed the amounts allocated for those expenditures in the official budget as approved by the West Virginia Department of Education.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will implement effective budgetary controls to ensure that actual expenditures and/or obligations do not exceed the amounts allocated for those expenditures in the official budget as approved by the West Virginia Department of Education.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section III - Federal Award Findings and Questioned Costs

Special Tests and Provisions

#11-09

GENERAL INFORMATION:

CFDA Title and Number: 84.010 Title I, Grants to Local Educational Agencies

84.367 Improving Teacher Quality State Grants

84.389 Title I, Grants to Local Educational Agencies, Recovery Act

Pass-Through Agency: West Virginia Department of Education

Pass-Through Entity Identifying Number : 40 and 41

Federal Agency: Department of Education

CONDITION:

We noted during our audit of the Jefferson County Board of Education that the Title II and Title I programs did not meet Federal Requirements regarding highly qualified teachers.

CONTEXT:

Specifically, the West Virginia Department of Education Monitoring Report dated September of 2010 noted that the Title I and Title II programs did not meet the requirements for highly qualified teachers. The report states in part that, "All teachers hired after the first day of school in 2002 are not highly qualified in Jefferson County." Additionally, the report states, with regard to Title II that, "The state goal of 100% core classes being taught by highly qualified teachers is not being met in Jefferson County." Specifically, based on the Monitoring Report, Jefferson County Schools raised their percentage of the highly qualified teachers by 8% from 80% to 88%

QUESTIONED COSTS:

Unknown

CRITERIA:

As stated in the Review of NCLB (No Child Left Behind) Federal Requirements for LEA (Local Educational Agency) Compliance Commendations/Recommendations and/or Findings, dated May 10, 2007, as prepared by the West Virginia Department of Education, According to No Child Left Behind (NCLB) Title I and Title II state:

"...the local education agency (LEA) must develop and implement a highly qualified plan that includes an annual increase in the percentage of highly qualified teachers to ensure all teachers teaching in core subjects are highly qualified not later than the end of the 2006-2007 school year."

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Special Tests and Provisions
#11-09 (continued)**

In addition, Title I §1119(a)(1) states:

"In General - Beginning with the first day of the first school year after the date of enactment of the No Child Left Behind Act of 2001, each local education agency receiving assistance under this part shall ensure that all teachers hired after such day and teaching in a program supported with funds under this part are highly qualified."

Further, Title I §2122(b)(10) states in part:

"...the local educational agency will use funds under this subpart to meet the requirements of section §1119."

CAUSE:

The Board did not have procedures in place to meet the requirements for Special Tests and Provisions of the Title I federal program.

EFFECT:

As a result of this noncompliance, the Jefferson County Board of Education did not meet the requirements for highly qualified teachers in the Title I or Title II programs.

RECOMMENDATION:

The Jefferson County Board of Education should have the appropriate central office staff continue implementation of the county's highly qualified plan to ensure that all newly hired teachers assigned to teach core academic subjects enter the system with highly qualified status. If the individuals placed in these positions are the most qualified applicants, the LEA should ensure the individuals pursue the proper certification.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Refer to the Board's Corrective Action Plan

**JEFFERSON COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011**

Status of Prior Year Financial Statement Findings

No matters were reported as financial statement findings in the previous year.

Jefferson County Schools
110 Mordington Avenue
Charles Town, WV 25414
(304) 725-9741

Superintendent:
Susan K. Wall

Board Members:
Peter Dougherty, President
Gary Kable, Vice President
Alan Sturm
Mariland Lee
Scott Sudduth

March 6, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number: 10-01
Audit Finding Title: Time and Effort Documentation
Completion date: July 1, 2011

- This finding was fully corrected and corrective action was taken.
- The following corrected action was taken:

The Special Education Department of the Jefferson County Board of Education has implemented procedures to ensure that "time and effort" records are maintained, as required.

Jefferson County Schools
110 Mordington Avenue
Charles Town, WV 25414
(304) 725-9741

Superintendent:

Susan K. Wall

Board Members:

Peter Dougherty, President

Gary Kable, Vice President

Alan Sturm

Mariland Lee

Scott Sudduth

CORRECTIVE ACTION PLAN

Reference Number: 11-08
Audit Finding Title: Special Tests and Provisions
Contact person: Elizabeth Ward
Anticipated Completion date: Ongoing

Corrective Action planned to be taken:

The appropriate central office staff will continue to implement the county's highly qualified plan to ensure all newly hired teachers assigned to teach core academic subjects enter the system with highly qualified status.



State of West Virginia

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
Building 1, Room W-100
Charleston, West Virginia 25305

Toll-Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

MANAGEMENT LETTER

Honorable Board Members
Jefferson County Board of Education

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the Jefferson County Board of Education, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 28, 2012.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and reportable conditions in internal control, related to major federal financial assistance programs. We have issued the required report dated March 28, 2012, for the year ended June 30, 2011.

We are also submitting for your consideration the following comments that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. We have already discussed many of these comments and suggestions with management 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. If you have any questions, please do not hesitate to contact us.

Honorable Board Members
Jefferson County Board of Education
Management Letter
Page Two

Suggestions For Improving Operations

Outstanding Checks

It was determined during this audit that the Board has outstanding checks dated between March 2009 and December 2010 totaling \$14,306.59.

Recommendation:

The Board should investigate these outstanding checks. Determination should be made to cancel and reissue the checks, or if they are unable to clear these items, to turn the monies over to the West Virginia State Treasury Unclaimed Property Division.

Signing of Official Board Minutes

It was determined during this audit that the Board did not sign all of the official Board minutes that were in the Official Minutes record book.

Recommendation:

The Board should ensure that all of the official minutes are signed by the proper officials during the next Board meeting when the Board minutes are approved.

These comments are intended for the Board officials, management, grantor agencies and federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

In closing, on behalf of the auditor's staff, we appreciate the opportunity to present this comment for your consideration. We would like to thank management for its hospitality, cooperation, positive attitude and openness to suggestion.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

**Economic and Demographic Data
Jefferson County, West Virginia**

(Source is WORKFORCE West Virginia except as otherwise provided)

- Location:** Jefferson County is located in northeast West Virginia, at the easternmost point of the Eastern Panhandle.
- County Seat:** Charles Town
- The County:** The County is governed by, and generally acts through, The Jefferson County Commission. The Commissioners of the County Commission are elected on a countywide basis.
- Commissioners:** Patsy Noland, President
Dale Manuel, Vice President
Walt Pellish
Frances Morgan
Lyn Widmyer

Population

Year	Jefferson County	West Virginia	United States
2010	53,643	1,854,368	309,330,219
2009	53,054	1,847,775	306,771,529
2008	52,184	1,840,310	304,093,966
2007	51,264	1,834,052	301,231,207
2006	50,003	1,827,912	298,379,912

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income

County	Rank in State In 2009	2009	2006
United States	---	\$38,846	\$37,725
West Virginia	---	\$31,137	\$28,372
Jefferson County	5	\$35,583	\$34,623

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Largest Employers in County (2011)

Employer	Product/Service
PNGI Charles Town Gaming	Gaming
Jefferson County Board of Education	Education
Shepherd University	Higher Education
American Public University System	Higher Education
Jefferson Memorial Hospital	Health
Royal Vendors, Inc.	Manufacturing
Wal-Mart Stores, Inc.	Retail
Department of the Interior	Government
Jefferson County Commission	Government
Department of Agriculture	Government

Average Annual Unemployment Rates (%)

Year	Jefferson County	West Virginia	U.S.
2012 (May)	5.3	7.3	8.2
2011	6.0	8.0	8.9
2010	7.1	8.5	9.6
2009	6.6	7.7	9.3
2008	3.7	4.2	5.8
2007	2.9	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
Jefferson County	14,703	14,552	\$665.94	\$568.88
West Virginia	701,871	705,281	\$751.77	\$629.31

Average Annual Employment by Industry

Industry	2010	2009	2008	2007	2006
Construction	430	450	640	800	920
Manufacturing	820	830	970	990	1,030
Trade, Transportation & Utilities	2,240	2,280	2,540	2,780	2,720
Information	120	120	130	130	130
Financial Activities	440	480	490	500	510
Professional & Business Services	680	760	760	1,030	950
Education & Health Services	1,550	1,440	1,350	1,310	1,170
Leisure & Hospitality	3,710	3,380	3,380	3,300	3,100
Government	3,820	3,650	3,610	3,540	3,460
Other	1,140	1,140	1,130	1,100	1,100
TOTAL	14,990	14,580	15,070	15,540	15,160

Wages Per Industry (2011) (\$)

Industry	Total Wages	Average Weekly Wage
Construction	14,706,456	712.38
Manufacturing	33,325,354	748.67
Trade, Transportation & Utilities	54,581,479	491.87
Information	5,580,813	941.44
Financial Activities	16,126,149	704.81
Professional & Business Services	33,036,591	965.54
Education & Health Services	72,391,011	818.42
Leisure and Hospitality	102,196,193	476.21
Other Services	11,612,799	431.96
Government	161,925,839	857.13
TOTAL	509,143,149	665.94

Total Wages (\$)

Year	Jefferson County	West Virginia
2011	509,143,149	27,437,330,374
2010	471,199,168	26,100,976,332
2009	446,770,631	25,528,702,813
2008	439,793,087	25,534,204,980
2007	442,416,810	24,083,126,318

Proposed Form of Legal Opinion

July, 2012

The Board of Education of the
County of Jefferson
202 Chestnut Street
Lewisburg, West Virginia 24901

Re: \$_____ The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies & Gentlemen:

We have examined certified copies of the proceedings of The Board of Education of the County of Jefferson, West Virginia (the "Board"), and other proofs submitted to us relative to the issuance and sale of \$_____ in aggregate principal amounts of The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012, dated _____, 2012 (the "Refunding Bonds").

The Refunding Bonds are authorized to be issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and under and pursuant to a Resolution and Order duly adopted and entered by the Board on April 10, 2012 (the "Resolution") for the primary purpose of advance refunding The Board of Education of the County of Jefferson (West Virginia) Public School Bonds, Series 2004 outstanding on the date hereof in the aggregate principal amount of \$_____ all of which will be refunded (the "Series 2004 Bonds").

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

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

(2) Under the Refunding Act, the Refunding Bonds are exempt from all taxation by the State or by any political subdivision thereof.

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

(4) The Refunding Bonds are valid and legally binding general obligations of the Board and, unless paid from other sources, the principal of and interest on the Refunding Bonds are

payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

(5) The Series 2004 Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Board to the owners of the Series 2004 Bonds have been satisfied and discharged. In rendering the opinion set forth in this Paragraph 5, we have relied upon the opinion provided by [Grant Thornton, LLP, Certified Public Accountants], independent certified public accountants, that, based on schedules provided to and verified as to mathematical accuracy by them, that the proceeds of the Refunding Bonds deposited in The Board of Education of the County of Jefferson Series 2004 Bonds Escrow Deposit Fund (the "Escrow Deposit Fund") established with the West Virginia Municipal Bond Commission, together with certain cash also deposited, will be sufficient to pay, when due, the principal of and interest on the Series 2004 Bonds to the date of redemption.

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

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

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

Very truly yours,

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 E

ELECTED OFFICIALS OF THE BOARD

Peter H. Dougherty, President

Peter H. Dougherty was elected as a member of the Jefferson County Board of Education from 1984-2002 and 2006-present. Mr. Dougherty has been the President of the Jefferson County Board of Education from 2006 to present. He also served as the President of the Board during the years 1986 to 2000. Mr. Dougherty holds a Bachelor of Science, Dual Major degree from Davis and Elkins College, has 30 hours of graduate credit from West Virginia University; Specialty Training from the National Judicial College, and 12 hours of graduate credit from the Federal Executive Institute in Charlottesville, Virginia. Mr. Dougherty has been employed by the Department of Veterans Affairs (VA), Washington, DC from 1998 to present. Mr. Dougherty is the Associate Executive Director, Homeless Veteran Initiatives. He was the Director Homeless Veterans Programs from November 1998-October 2010, Acting Deputy Assistant Secretary, Office of Intergovernmental Affairs from November 2007-February 2009 and December 2000-May 2001.

Gary Kable, Vice President

Gary Kable is a lifelong resident of Jefferson County. His family has been here since the late 1700's, being among the first settlers in this area, and one of our magisterial districts is named for them. Mr. Kable's education was in Jefferson County Schools and at Shepherd College. He managed a full service gas station while at Shepherd, and then moved to manage a fuel oil, motor fuels and oils distributorship. He then became Sales-Service Manager for a local paperboard manufacturer and moved from there to become a district and later a regional sales manager for a Fortune 500 conglomerate division. Mr. Kable then went into business for himself. He recently retired from that business after 31 years. His other interests include: Jaycees President in the 60s, long term active member of the Democratic Executive Committee, elected member of the Jefferson County Commission and President, presently in 3rd term as a Jefferson County School Board Member and starting 5th year as Vice President, currently member of the West Virginia School Boards Association Executive Committee serving as Vice President Elect, becoming President in 2014.

Mariland Dunn Lee, Member

Mariland Dunn Lee is a lifetime resident of Jefferson County. First elected to serve on the Jefferson County Board of Education in 2006, she was re-elected in 2010. She holds a Bachelor of Arts degree from Shepherd College with an endorsement in social studies comprehensive. Her Masters of Arts degree in communications studies is from West Virginia University. During her career in education, Mrs. Lee has served as a classroom teacher of social studies and an AP teacher of United States history and psychology, as well as vice president of faculty senate and chairperson of policy committee. She has also served as adjunct professor of psychology to Shepherd College Community College/Blue Ridge Technical College.

Mark Osbourn, Member

Mark Osbourn is a retired administrator with 38 years of service in the field of education. He spent 34 years in the Jefferson County School system. Mr. Osbourn served as the Principal of C. W. Shipley Elementary School from 1989 - 2012. He taught third and fourth grade in Jefferson County from 1978 - 1989. Mr. Osbourn also taught in Virginia and Maryland before coming back to West Virginia. He received his B.A. Degree in Elementary Education from Shepherd College in 1974 with certifications in Mathematics and Social Studies. Mr. Osbourn received his M.A. in Educational Administration from West Virginia University in 1981 with certifications in Superintendent K-12, Supervisor of General Instruction K-12, Elementary Principal K-8, Middle Junior/Senior High School Principal 4-12, and Vocational Administration 5-Adult. Mr. Osbourn has a love for children and a passion for education and lifelong learning.

A. Scott Sudduth, Member

A. Scott Sudduth is currently serving his second term as a member of the Jefferson County Board of Education. Mr. Sudduth currently serves as the Director of Federal Relations for The Texas A&M University System, representing a diverse system of eleven universities and state agencies on federal funding and policy issues impacting higher education, research and economic development. Mr. Sudduth is an attorney who has served as a senior administrator in higher education for more than 20 years, representing some of the world's premier academic institutions, including the University of California and the University of Chicago before Congress and the Executive Branch. Prior to joining higher education, Mr. Sudduth served as a senior advisor in both the U.S. Senate and the U.S. House of Representatives. He received his B.A. from the University of Texas at Austin and his J.D. from Catholic University. His family has resided in Jefferson County for eight generations and he has two children currently in the Jefferson County school system.

APPOINTED OFFICIALS OF THE BOARD

Susan K. Wall, Superintendent

Ms. Wall served as Associate Superintendent beginning in 2004, and was appointed Superintendent in July, 2007. She holds a Bachelor of Arts Degree in Secondary Education from Shepherd College, with endorsements in both Math and Science. Her Master of Arts Degree in Guidance & Counseling, as well as Certification in Education Administration are from West Virginia University. During her career in education, Ms. Wall has served as a Math Teacher, Counselor, Assistant Principal, and Principal.

Patrick W. Blanc, Assistant Superintendent, Curriculum & Instruction

Originally from Uniontown, PA., Mr. Blanc attended California University and West Virginia University, and holds Bachelor of Arts, Master of Science in Special Education, and Master of Science in School Administration degrees. After being a classroom teacher, an IEP Coordinator, and a school Principal, Mr. Blanc became the Director of Pupil Services in 2002. Mr. Blanc was appointed Assistant Superintendent in 2008.

Ralph Dinges, Assistant Superintendent of Construction, Maintenance, and Facilities

Mr. Dinges served as Coordinator of Maintenance beginning in 2006, and was appointed Assistant Superintendent in July, 2008. He holds a Bachelor of Arts Degree in Secondary Education with a K-12 Certification from Shepherd College, with endorsements in Science, Physical Education, and Driver's Education. His Masters degree in Educational Administration is from West Virginia University. During his career in education, Mr. Dinges has served as a Science Teacher, Lead Teacher, and Principal of the JHS Ninth Grade.

Beth Marrone, Treasurer

Beth Marrone received her Bachelor of Science in Accounting from Shepherd College. Upon graduation, Beth began her career with a local CPA firm as an accountant providing accounting and tax services. She then served as the Assistant Controller for a local non-profit organization. She became employed with the Jefferson County Board of Education in 2004 serving as the Assistant Treasurer and was selected as the Chief School Business Official/Treasurer in 2005. She is a member of the American Institute of Certified Public Accountants and the WV Society of Certified Public Accountants.

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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 Jefferson (the "Board") and United Bank, Inc., as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the \$_____ The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on _____, 2012, authorizing issuance of the Series 2012 Bonds (the "Resolution"). 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).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated _____, 2012, entered into between _____ (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2012 Bonds from the Board upon the terms set forth therein.

"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 \$_____ The Board of Education of the County of Jefferson (West Virginia) Public School Refunding 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 information 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 Board³;
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

³ 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.

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

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 JEFFERSON

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 Jefferson
Name of Bond Issue: \$_____ The Board of Education of the County of Jefferson (West Virginia) Public School Refunding 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

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

\$11,590,000

**THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON (WEST VIRGINIA)
Public School Refunding Bonds, Series 2012**

Dated: Date of Delivery

Due: May 1, as shown below

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

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

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable 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 Bonds will be payable November 1, 2012 and semiannually thereafter each May 1 and November 1 in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM"

The Bonds are not subject to redemption.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP** Base #:
2013	1,315,000	4.00	0.47	473664DJ6
2014	1,265,000	4.00	0.66	473664DK3
2015	1,330,000	4.00	0.83	473664DL1
2016	1,390,000	4.00	0.98	473664DM9
2017	1,465,000	4.00	1.21	473664DN7
2018	1,535,000	4.00	1.47	473664DP2
2019	1,605,000	4.00	1.69	473664DQ0
2020	1,685,000	4.00	1.90	473664DR8

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, LLP Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice McDavid Graff & Love, LLP, Morgantown, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about August 2, 2012.

PiperJaffray.

Dated: July 19, 2012

** 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 Bonds only at the time of issuance of the Bonds. Neither the Underwriter 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 Bonds.

\$11,590,000
The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

ELECTED OFFICIALS

Pete Dougherty, President
Gary Kable, Vice President
Mariland Dunn Lee, Board Member
Mark Osbourn, Board Member
Scott Sudduth, Board Member

APPOINTED OFFICIALS

Susan K. Wall, Superintendent
Patrick W. Blanc, Assistant Superintendent, Curriculum & Instruction
Ralph Dinges, Assistant Superintendent of Construction, Maintenance, and Facilities
Beth Marrone, Treasurer

BOARD'S COUNSEL

Bowles Rice McDavid Graff & Love LLP
Morgantown, West Virginia

BOND COUNSEL

Bowles Rice McDavid Graff & Love LLP
Charleston, West Virginia

UNDERWRITER

Piper Jaffray & Co.
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

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 Jefferson, 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 Underwriter 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.

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 Resolution, as hereinafter defined, has not been qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Forward-Looking Statements

This Preliminary Official Statement, and particularly the information contained in the caption "JEFFERSON 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. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

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**OFFICIAL STATEMENT
RELATING TO**

**\$11,590,000
The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012**

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$11,590,000 in aggregate principal amount of The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the "Bonds"). A brief description of The Board of Education of the County of Jefferson, West Virginia (the "Board"), the Jefferson County School District (the "School District") and the County of Jefferson, West Virginia (the "County" or "Jefferson County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide funds, along with other funds from accounts established for the Series 2004 Bonds, as hereinafter defined, to provide for the advance refunding of the Board's Public School Refunding Bonds, Series 2004 issued in the original aggregate principal amount of \$19,000,000 ("Series 2004 Bonds") of which \$11,750,000 is outstanding and all of which will be refunded by the Bonds. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on May 11, 2004, the issuance of the Series 2004 Bonds in an amount of up to \$19,000,000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of paying the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District.

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

THE BONDS

General

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

Maturing (May 1)	Principal Amount (S)
2013	1,315,000
2014	1,265,000
2015	1,330,000
2016	1,390,000
2017	1,465,000
2018	1,535,000
2019	1,605,000
2020	1,685,000

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Bond Act"), both the principal of and interest on the 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 Bonds will be payable November 1, 2012 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at the address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Authority and Purpose

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Bond 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 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 Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds up to the amount of \$19,000,000 and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 7.5% of the participating voters. Proceeds of the Series 2004 Bonds were applied, together with certain funds received by the Board from the State of West Virginia (the "State") and other sources, to the cost of acquisition and construction of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. The ballot question limited the term of the bonds to sixteen (16) years from their date and limited the rate of interest on the bonds to a rate not exceeding 7.5% per annum. Pursuant to the Bond Act, the Series 2004 Bonds were issued on December 1, 2004 and designated Public School Bonds, Series 2004.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act") and a resolution of the Board adopted on June 25, 2012 (the "Resolution"). The Board is issuing the Bonds for the purpose of advance refunding the Series 2004 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 2004 Bonds will be deemed paid upon the completion of the advance refunding. Certain funds of the

Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 2004 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

Plan of Financing

Proceeds of the Bonds in the amount of \$12,679,150.64 will be applied to the funding of an escrow to advance refund the Series 2004 Bonds. Such proceeds will be used to pay the interest on the Series 2004 Bonds each November 1 and May 1, commencing November 1, 2012, and continuing to and including May 1, 2014, to pay the maturing principal of the Series 2004 Bonds on May 1, 2013, and May 1, 2014, and to pay the redemption price of the remaining maturities of the Series 2004 Bonds called for redemption in the amount of \$9,302,100 (which includes \$9,210,000 of principal to be redeemed and a redemption premium of \$92,100) (the "Redemption Price") on May 1, 2014 (the "Redemption Date"). The above referenced funds in the total amount of \$12,679,150, together with the earnings thereon and a cash deposit of \$0.64, will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on or about August 2, 2012 (the "Escrow Agreement"), by and among the Board and the Bond Commission. During the period in which the proceeds of the Bonds are deposited with the Bond Commission pursuant to the Escrow Agreement (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations (the "Obligations"). The maturing principal of and interest on the Obligations are not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds

Sources

Proceeds of the Bonds	\$11,590,000.00
Original Issue Premium	<u>\$1,266,554.10</u>
TOTAL	<u>\$12,856,554.10</u>

Uses

Deposit to Escrow Fund ¹	\$12,679,150.64
Underwriter's Discount	\$92,950.00
Costs of Issuance ²	<u>\$84,453.46</u>
TOTAL	<u>\$12,856,554.10</u>

Nature of Obligation, Security and Source of Payments

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

Debt Administration

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, 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

¹ The amount set forth in the Escrow Agreement as required, together with the income thereon and funds transferred from accounts established for the Series 2004 Bonds to effect the advance refunding of the Series 2004 Bonds as described herein.

² Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, Printing, Accountants' Verification Report and other costs of issuing the Series 2012 Bonds.

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:

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

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

JEFFERSON COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2012, the terms of two members will expire. The process will be repeated every two years thereafter.

Board Members' duties are established by State statute with the West Virginia Board of Education having regulatory powers. The Board appoints a superintendent who acts as the chief executive officer and secretary of the Board and who administers affairs of the School District in accordance with applicable laws, regulations, and local policies. The Board is a 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 2011-2012, the Jefferson County school system had a central office professional staff of 21 with the overall responsibility to coordinate and supervise the activities of 36 school administrators, 742 instructional staff (teachers and other professionals), and 476 service personnel. Total Full Time Equivalent positions are 1,275. The average pupil-teacher ratio for the 2010-2011 school year was 19.2 to 1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

Grades	2007	2008	2009	2010	2011
Pre-K Universal	229	220	256	287	318
K	674	600	692	667	633
1	746	773	688	765	721
2	674	683	734	639	703
3	611	662	682	731	633
4	598	618	686	716	729
5	546	615	635	691	699
6	628	537	622	666	693
7	627	643	573	642	676
8	597	630	654	564	633
9	616	632	632	714	612
10	624	602	607	636	671
11	641	629	596	582	590
12	<u>488</u>	<u>554</u>	<u>538</u>	<u>545</u>	<u>531</u>
Total	8,299	8,398	8,595	8,845	8,842

Rate of Increase (Decrease) in Enrollment	
2007-2012	6.54%
Annualized	1.64%

Source: Jefferson County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2012	9,019
2013	9,199
2014	9,383
2015	9,571

Source: Jefferson County Board of Education

Facilities

School	Grades	Construction Type	Construction Date	Additions/Improvements
High Schools				
Jefferson	9-12	Masonry/Brick	1970	1975, 1983, 1986, 1991, 2007
Washington	9-12	Masonry/Brick	2008	
Middle Schools				
Charles Town	6-8	Masonry/Brick	1957	1962, 1967, 1975, 1991
Harpers Ferry	6-8	Masonry/Brick	1930	1957, 1975, 1980, 1986, 1991
Shepherdstown	6-8	Masonry/Brick	1928	1956, 1960, 1975, 1991, 1993
Wildwood	6-8	Masonry/Brick	2002	
Elementary Schools				
Blue Ridge	2-5	Masonry/Brick	1939	1960, 1972, 1991
C. W. Shipley	K-5	Masonry/Brick	1971	1974, 1985, 1989
North Jefferson	K-5	Masonry/Brick	1971	1974, 1985, 1989
Page Jackson	K-2	Masonry/Brick	1976	1985, 1989
Ranson	PK-5	Masonry/Brick	1957	1969, 1975, 1990
Shepherdstown	K-5	Masonry/Brick	1956	1958, 1975, 1989
South Jefferson	K-5	Masonry/Brick	1971	1975, 1985, 1989, 2010
T. A. Lowery	K-5	Masonry/Brick	1991	
Wright Denny	3-5	Masonry/Brick	1929	1962, 1965, 1970, 1992
Driswood	PK-5	Masonry/Brick	2010	
Blue Ridge Primary	PK-1	Masonry/Brick	2012	

Source: Jefferson County Board of Education

Tax Collection Procedures

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

the County Commission all properties in the County which were redeemed in the Auditor's office during the preceding month. The Auditor, each month, draws a warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by the Sheriff upon the redemption of the property included in the Sheriff's 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 the Sheriff before sale and redemption.

Tax Levies and Collections*

Year	Projected Gross Tax (\$)	Projected Net Tax Collected (\$)	Actual (\$)	Actual (%)
	at 100%	at 92-93% Less Assessors Fee	Collected	Collected
2007-2008				
General Current	18,233,052	17,326,662	18,232,841	100%
Bond Levy	3,524,429	3,358,530	3,618,952	103%
Excess Levy	21,569,510	20,819,969	20,646,808	96%
2008-2009				
General Current	21,121,135	19,872,792	21,227,995	100%
Bond Levy	3,538,334	3,373,689	3,514,432	99%
Excess Levy	24,986,085	23,746,776	23,662,305	95%
2009-2010				
General Current	20,658,923	19,264,564	21,216,116	103%
Bond Levy	1,831,617	1,662,751	1,944,413	106%
Excess Levy	24,439,295	22,985,157	23,590,430	96%
2010-2011				
General Current	18,061,549	16,774,551	18,547,102	103%
Bond Levy	1,843,395	1,673,601	1,836,679	100%
Excess Levy	21,366,626	20,095,312	20,465,090	96%
2011-2012				
General Current	17,179,939	15,874,973	N/A	N/A
Bond Levy	1,771,127	1,687,639	N/A	N/A
Excess Levy	20,323,690	19,114,430	N/A	N/A

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 which was protested to the board of equalization and review 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. A taxpayer can elect to have its protest of an assessment heard by the county commission sitting as a board of assessment appeals in October, rather than by the county commission sitting as a board of equalization and review in February. In order to utilize this option the taxpayer must pay the disputed taxes. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses

not expected to be paid from other sources. For example, the 2011 assessment year valuations are made as of July 1, 2010, with taxes levied and collected during the fiscal year July 1, 2011, through June 30, 2012.

The State Tax Commissioner has the responsibility for preparing tentative valuations of all public utility property in the State and providing these valuations to the Board of Public Works of the State for actual assessment of such property. The Board of Public Works reviews all assessments made, makes such corrections as it deems proper, conducts hearings to entertain protests from the public utilities involved, and fixes the assessments in final form. After such assessments are made, they are allocated by the 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, 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, 1931, as amended, provide that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified owners residing therein); Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Jefferson County School District includes all of Jefferson County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the approval of the county valuation plan. A county valuation plan must be submitted every three years by the assessor to the State Tax Commissioner. 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. Any increase in the total property taxes that could result from the new calculations is limited to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. Assessors do not have the authority to implement the reappraisal described above. All property except farms and managed timberlands must be assessed at 60% of Fair Market Value.

Assessed Valuation By Property Class*

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	0	0	0	0	0
II	2,568,421,740	2,520,735,550	2,119,649,580	1,989,212,550	1,865,152,520
III	1,002,329,292	963,739,417	868,421,052	848,325,714	835,533,540
IV	<u>435,255,769</u>	<u>438,125,221</u>	<u>399,273,387</u>	<u>370,977,693</u>	<u>366,552,161</u>
Total	4,006,006,801	3,922,600,188	3,387,344,019	3,208,515,957	3,067,238,221

Assessed Valuation By Property Category*

Category	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Real	3,590,907,770	3,519,139,920	3,004,866,010	2,811,656,920	2,662,817,740
Personal	328,849,800	313,724,900	291,126,030	302,005,040	306,182,800
Public Utility	<u>86,249,231</u>	<u>89,735,368</u>	<u>91,351,979</u>	<u>94,853,997</u>	<u>98,237,681</u>
Total	4,006,006,801	3,922,600,188	3,387,344,019	3,208,515,957	3,067,238,221

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

\$54,570,210 in 2008 – 2009 \$58,597,110 in 2009 – 2010 \$62,725,960 in 2010-2011
 \$65,161,920 in 2011 – 2012 \$68,392,200 in 2012 – 2013

Largest Assessed Valuations (tax year 2011)

Property Owner	Assessed Valuation (\$)
PNGI Charles Town Gaming LLC (Charles Town Races)	131,968,600
The Potomac Edison Company	33,866,112
Citizens Telecom Co. of WV	20,384,769
WVA 340 Limited Partnership (Jefferson Crossing Shopping Ctr)	14,201,800
Millville Quarry Inc.	11,221,800
CSX Transportation Inc.	10,627,574
Federal Group Inc. (Clarion Hotel)	8,734,000
Norfolk & Western Railway Company	8,345,157
Summit Point Automotive Research Center (S.P. Race Track)	7,508,000
Permelynn of Winchester Inc. (Charles Town Plaza)	6,513,100

Source: Jefferson County Assessor and West Virginia State Auditor's Office

Tax Rate Comparisons.

The following shows Jefferson 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 2012; Fiscal Year 2012 - 2013.

Rates of Levy*

County	Class I	Class II	Class III/IV
JEFFERSON	57.77	115.54	231.08
Berkeley	61.74	123.48	246.96
Morgan	54.75	109.50	219.00

*Includes the total levy for State, County and schools in each County.

Source: West Virginia State Auditor

County Tax Rates

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

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

continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates (Source: West Virginia State Auditor)

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

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

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 Excess Levy

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	22.95	22.95	22.95	22.95	22.95
II	45.90	45.90	45.90	45.90	45.90
III and IV	91.80	91.80	91.80	91.80	91.80

School Bonds

Class	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
I	3.25	1.72	1.98	2.00	2.08
II	6.50	3.44	3.96	4.00	4.16
III and IV	13.00	6.88	7.92	8.00	8.32

The maximum tax rates described above are divided among the several levying bodies by statute. Under Chapter 11, Article 8, Section 6b of the Code of West Virginia, 1931, as amended, the maximum levy rates available to the County without approval by the voters is as follows: Class I - 14.3 cents per \$100 assessed valuation; Class II - 28.6 cents per \$100 assessed valuation; Class III - 57.2 cents per \$100 assessed valuation; and Class IV - 57.2 cents per \$100 assessed valuation.

Rates of Levy (Source: West Virginia State Auditor)

The tax rates for citizens of the County, including those imposed by the Board, 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	13.09	26.18	52.36
School Current	19.40	38.80	77.60
School Bonds	2.08	4.16	8.32
School Excess	22.95	45.90	91.80

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 2012-2013 fiscal year.

Municipality	Class I	Class II	Class IV
Bolivar	7.11	14.22	28.44
Charles Town	10.24	20.48	40.96
Harpers Ferry	6.12	12.24	24.48
Ranson	12.50	25.00	50.00
Shepherdstown	7.08	14.16	28.32

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)	53,643
Assessed Valuation*	\$3,067,238,221
Debt Limit (5% of Assessed Valuation)	\$153,361,911
Outstanding Debt (excluding the Series 2004 Bonds being defeased)	\$11,590,000
Debt Contracting Margin	\$141,771,911
Per Capita Debt	\$216.06
Outstanding Debt as percentage of Assessed Valuation	0.38%

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

**Schedule of Bond Indebtedness
Public School Bonds**

Year Ending June 30	Series 2012 Principal	Series 2012 Interest	Total
2013	1,315,000	346,412.22	1,661,412.22
2014	1,265,000	411,000.00	1,676,000.00
2015	1,330,000	360,400.00	1,690,400.00
2016	1,390,000	307,200.00	1,697,200.00
2017	1,465,000	251,600.00	1,716,600.00
2018	1,535,000	193,000.00	1,728,000.00
2019	1,605,000	131,600.00	1,736,600.00
2020	1,685,000	67,400.00	1,752,400.00
TOTAL	11,590,000	2,068,612.22	13,658,612.22

Overlapping Debt

There is no overlapping 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 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 Bond 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 Authority 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 Review Revenue Fund

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

Investment of Certain Funds

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

Accounting Practices

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district-wide statements (Statement of Net Assets and the Statement of

Activities) are prepared using the economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements (Balance Sheet- Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Fund) were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX A - AUDIT REPORT OF JEFFERSON COUNTY BOARD OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2011"

Budgetary Procedures

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

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

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

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

	2010 Budget	2010* Actual	2011 Budget	2011* Actual	2012 Budget	2013 Budget
Revenues						
Property Taxes	43,849,721	44,795,882	38,489,863	39,010,613	37,244,570	36,349,980
Other Local Sources	581,340	815,055	1,402,624	927,489	---	---
State Sources	31,583,536	30,004,659	32,388,671	42,410,249	39,468,540	40,209,540
Federal Sources	<u>450,000</u>	<u>626,470</u>	<u>450,000</u>	<u>968,586</u>	<u>600,000</u>	<u>600,000</u>
Miscellaneous Sources					<u>626,420</u>	<u>682,920</u>
Total Revenues Collected	76,464,597	76,242,066	72,731,158	83,316,937	77,939,530	77,842,350
Expenditures						
Instruction	46,669,307	49,463,180	45,523,108	53,355,500	49,512,060	47,448,530
Supporting Services:						
Students	2,760,100	3,379,242	3,228,456	4,693,196	4,011,670	4,896,510
Instructional Staff	1,762,800	2,481,735	2,286,713	3,047,773	2,413,270	2,464,230
Central Administration	1,621,490	1,582,367	1,336,926	1,652,222	1,357,000	1,298,920
School Administration	4,015,340	4,840,411	4,443,745	5,555,868	4,573,500	4,662,330
Business Administration	2,344,790	2,925,468	2,398,615	2,828,322	2,560,470	2,664,780
Operation & Maintenance of Facilities	8,280,550	9,421,768	8,061,094	9,541,114	9,291,210	9,652,810
Student Transportation	6,544,660	6,956,647	6,333,051	7,965,989	7,187,890	7,744,910
Food Services	-0-	305,735	-0-	596,912	---	---
Community Services	75,000	75,000	75,000	75,000	110,000	91,000
Capital Outlay	86,160	91,720	---	---	---	---
Reserves	1,500,000	-0-	---	---	---	---
Total Expenditures	75,660,197	81,523,273	73,686,708	89,311,896	81,017,070	80,924,020
Excess (Deficiency) of Revenues over Expenditures	<u>804,400</u>	<u>(5,281,207)</u>	<u>(955,550)</u>	<u>(5,994,959)</u>	<u>(3,077,540)</u>	<u>(3,081,670)</u>
Total Other Financing Sources (Uses)	(3,804,400)	(2,470,806)	(694,451)	(654,158)	1,077,540	(431,060)
Net change in Fund Balance	(3,000,000)	(7,752,013)	(1,650,001)	(6,649,117)	(2,000,000)	(3,512,730)
Fund Balance - beginning	<u>3,000,000</u>	<u>4,767,269</u>	<u>3,000,000</u>	<u>(2,833,469)</u>	<u>2,000,000</u>	<u>3,512,730</u>
Restatement of Fund Balance	-0-	242,175	-0-	300,002	-0-	-0-
Fund Balance - ending	-0-	(2,833,469)	1,349,999	(9,182,584)	-0-	-0-

Source: Jefferson County Board of Education

*Includes \$8,316,166 OPEB Liabilities for Fiscal Year 2010 (2009-2010 Actual) and \$7,762,696 OPEB Liabilities for Fiscal Year 2011 (2010-2011 Actual).

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

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.

In accordance with GASB requirements, the Board accrues OPEB costs based upon invoices received from PEIA based upon actuarially determined amounts. As of June 30, 2011, the noncurrent liability related to OPEB costs for the Board was \$17,091,591. The total amount of OPEB expense incurred for the fiscal year ending June 30, 2011 was \$7,762,696. The total amount of OPEB expense incurred for the fiscal year ending June 30, 2010 was \$8,316,166. For additional information regarding the Board's liabilities and expenses, see "APPENDIX A – Audit Report of Jefferson 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; Jefferson County Board of Education)

Insurance Coverage*

1. Type	<u>Amount in Force (FY 2012)</u>
Deluxe Commercial Property insurance	\$ 231,623,831.00
Deductible per occurrence	\$ 2,500.00
Machinery and Equipment insurance	\$ 20,562,102.00
Deductible per occurrence	\$ 2,500.00
Flood insurance	\$ N/A
Deductible per occurrence	\$ _____
Public official position bond: Superintendent	\$ 10,000.00
Board President	\$ 10,000.00
Treasurer	\$ 600,000.00
Fidelity Honesty Bond	\$ 20,000.00

*Source: Jefferson County Board of Education

INVESTMENT CONSIDERATIONS

Assessed Valuation and Tax Collections

The Assessed Valuation by Property Class dropped from \$4,006,006,801 in 2008 to \$3,067,238,221 in 2012. The drop in Assessed Valuations was primarily due to the decline in property valuations and foreclosures in Jefferson County. The Board can make no representations with respect to the future of the real estate market or the actual collections of taxes. See "Assessed Valuations" herein.

Annual Audit

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 corporations 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.

Original Issue Premium

The Bonds (each a "Premium Obligation" and collectively, the "Premium Obligations") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. An initial purchaser of a Premium Obligation must amortize any premium over such Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed.

Owners of Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the premium properly accruable in any period with respect to such Premium Obligations and as to other federal tax consequences and the premium for state and local tax purposes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on debt obligations of state and local governments, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the inclusion of the interest on the Bonds in gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding may be allowed as a refund or credit against the owner's Federal income tax liability, depending on the purchaser's federal tax liability once the required information is furnished to the Internal Revenue Service.

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.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

On May 11, 1982 in the matter entitled *Pauley v. Bailey*, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988 89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in *State ex rel. the Boards of Education of the Counties of Upshur et al*, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

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

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

1. The plaintiff class's request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.

2. The decision of the Honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and

3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.

4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties' objection is hereby preserved.

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

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

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

LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. Counsel to the Board has reviewed the current status of all pending and threatened litigation, and expresses the opinion 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 effect on the financial condition of the Board.

On February 22, 2010, forty-nine (49) county boards of education, including the Board, filed a Complaint in the Circuit Court of Kanawha County against the West Virginia Public Employees Insurance Agency ("PEIA"), the PEIA Finance Board and the West Virginia State Auditor seeking legislative funding through the Public School Support Program (the "Program") to offset the costs of providing other post-employment benefits to employees otherwise funded through the Program. The Circuit Court of Kanawha County dismissed the suit on the grounds that it was a political question better answered by the West Virginia Legislature. The county boards of education appealed this decision to the West Virginia Supreme Court. The West Virginia Supreme Court upheld the Circuit Court of Kanawha County's decision to dismiss the suit. The Board does not expect the result of the case to have a material adverse effect on its financial condition or its ability to pay debt service on the Bonds.

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

CONTINUING DISCLOSURE

The Board has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX F, 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 ended 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 Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Continuing Disclosure Agreement for the Series 2004 Bonds required the Board to file its annual financial information within 300 days of the end of the fiscal year. The Board filed its FY 2008 audit with Disclosure USA on May 20, 2009 (24 days late) and its FY 2007 audited financial statements were filed late. The 2009, 2010 and 2011 audited financial statements were filed within the 300 day requirement.

LEGAL MATTERS

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

RATINGS

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.

VERIFICATION AGENT

Grant Thornton LLP, 500 US Bank Plaza N, 200 S. 6th Street, Minneapolis, MN 55402 has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 2004 Bonds and verification of the sufficiency of the escrow.

UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co., as Underwriter. The Purchase Contract provides that the Underwriter will purchase all the Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Underwriter has agreed to purchase the Bonds, subject to certain conditions, for a purchase price of \$12,763,604.10 (par of \$11,590,000 plus \$1,266,554.10 original issue premium, less \$92,950 underwriter's discount).

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

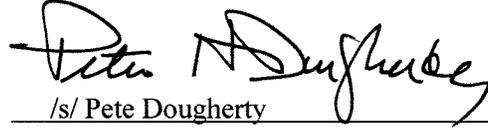
CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$11,590,000 in aggregate principal amount of The Board of Education of the County of Jefferson Public School Refunding 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 Jefferson.

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

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. The distribution of this Official Statement has been approved by the Board. Additional information may be obtained from the Superintendent at 110 Mordington Avenue, Charles Town, West Virginia, 25414, telephone (304) 725-9741 (www.boe.jeff.k12.wv.us).

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON



By: /s/ Pete Dougherty
President

Audit Report of Jefferson County Board of Education for the Fiscal Year Ended June 30, 2011

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**AUDIT REPORT OF
JEFFERSON COUNTY BOARD OF EDUCATION
CHARLES TOWN, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2011**

JEFFERSON COUNTY BOARD OF EDUCATION

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INTRODUCTORY SECTION

**JEFFERSON COUNTY BOARD OF EDUCATION
OFFICIALS
For the Fiscal Year Ended June 30, 2011**

OFFICE	NAME	TERM
	<u>Elective</u>	
Board Members:	Peter Dougherty	07-01-10 / 06-30-14
	Scott Sudduth	07-01-10 / 06-30-14
	Mariland Lee	07-01-10 / 06-30-14
	Henry Sturm	07-01-08 / 06-30-12
	Gary Kable	07-01-08 / 06-30-12
	<u>Appointive</u>	
Board President:	Peter Dougherty	07-01-10 / 06-30-14
Treasurer:	Beth Marrone	

FINANCIAL SECTION



State of West Virginia

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
Building 1, Room W-100
Charleston, West Virginia 25305

Toll-Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Jefferson County Board Of Education
Charles Town, West Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education (the Board), as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Board 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 accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson County Board of Education's financial statements. The introductory section, budgetary comparison information for the Debt Service Fund and the Capital Projects Fund, and the Schedule of Changes in School Activity Funds are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Jefferson County Board of Education. Such information, with the exception of the introductory section, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

This narrative discussion and analysis provides an overview of the financial activities of the Jefferson County Board of Education (the Board) for the fiscal year ended June 30, 2011. Please consider this discussion and analysis in conjunction with information provided in the Board's basic financial statements and the accompanying notes, which are presented immediately following this Management's Discussion and Analysis.

Financial Highlights

The assets of the Board exceeded its liabilities at the close of the most recent fiscal year by \$103,285,145 (net assets). Of this amount, (\$7,465,496) is unrestricted net assets.

The government's total net assets increased by \$129,268.

As of the close of the current fiscal year, the Board's governmental funds reported a combined ending fund balance of (\$1,025,272), a decrease of \$7,877,743 in comparison with the prior year. As with the government-wide statements, most of this decrease is due to recognition of the Other Post Employment Benefit expense and liability as required by the Governmental Accounting Standards Board's Statement No. 45 - *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* (OPEB).

As a consequence of the recognition of the OPEB liability mentioned above, the unreserved, undesignated fund balance for the general fund reported a negative balance of \$9,182,584 at the end of the fiscal year.

The unreserved fund balance in the General Current Expense fund decrease is caused by the fact that county boards of education are being required by WV Code §5-16D-6 to report the annual portion of the accrued actuarial liability due to West Virginia Retiree Health Benefit Trust Fund (RHBT) for Other Post Employment Benefits (OPEB) as a current liability in the fund basis statements. As reflected in the fund basis statement, the accrued actuarial liability for these costs for Jefferson County Schools was about \$17,000,000. However, in calculating a deficit for the purposes of WV Code §11-8-26, the portion of the deficit created as a result of recording the accrued actuarial liability due the RHBT is not taken into account. Therefore, by excluding this liability, Jefferson County Schools' unreserved fund balance at year-end would be a positive balance of about \$7,900,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) government-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.

Government-wide financial statements - The government-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.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

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 of 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 government-wide financial statements can be found on pages 12 through 14 of this report.

Fund financial statements - A fund is a grouping of related accounts that are 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 government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the special revenue fund for the American Recovery and Reinvestment Act (ARRA), debt service fund, and the capital projects fund all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

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 government-wide financial statements because the resources of those funds are not available to support the Board's own programs.

The Board maintains one agency fund: to account for resources held for student groups and activities.

The basic fiduciary funds financial statement can be found on page 20 of this report.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21 to 45 of this report.

Government-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 \$103,285,145 at the close of the most recent fiscal year.

Jefferson County Board of Education's Net Assets

	Governmental activities	
	FY 2011	FY 2010
Current and other assets	\$ 28,921,139	\$ 29,392,054
Capital assets	115,984,925	108,301,392
Total assets	144,906,064	137,693,446
Current and other liabilities	29,612,036	21,603,110
Long term liabilities	12,008,883	12,935,000
Total liabilities	41,620,919	34,538,110
Net assets:		
Invested in capital assets, net of related debt	102,593,327	94,236,933
Restricted	8,157,314	9,557,848
Unrestricted	(7,465,496)	(638,905)
Total net assets	\$ 103,285,145	\$ 103,155,876

The largest portion of the Board's net assets, \$102,593,327 or 99 percent, reflects its investment in capital assets (e.g. land, site improvements, buildings, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Board's net assets, \$8,157,314 represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects (6.6M) and repayment of debt (1.3M).

Restricted net assets decreased by \$6,826,591 during the year ended June 30, 2011.

The Board's net assets decreased by \$170,733 during the 2011 fiscal year.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

The key elements of the change in the Board's net assets for the years ended June 30:

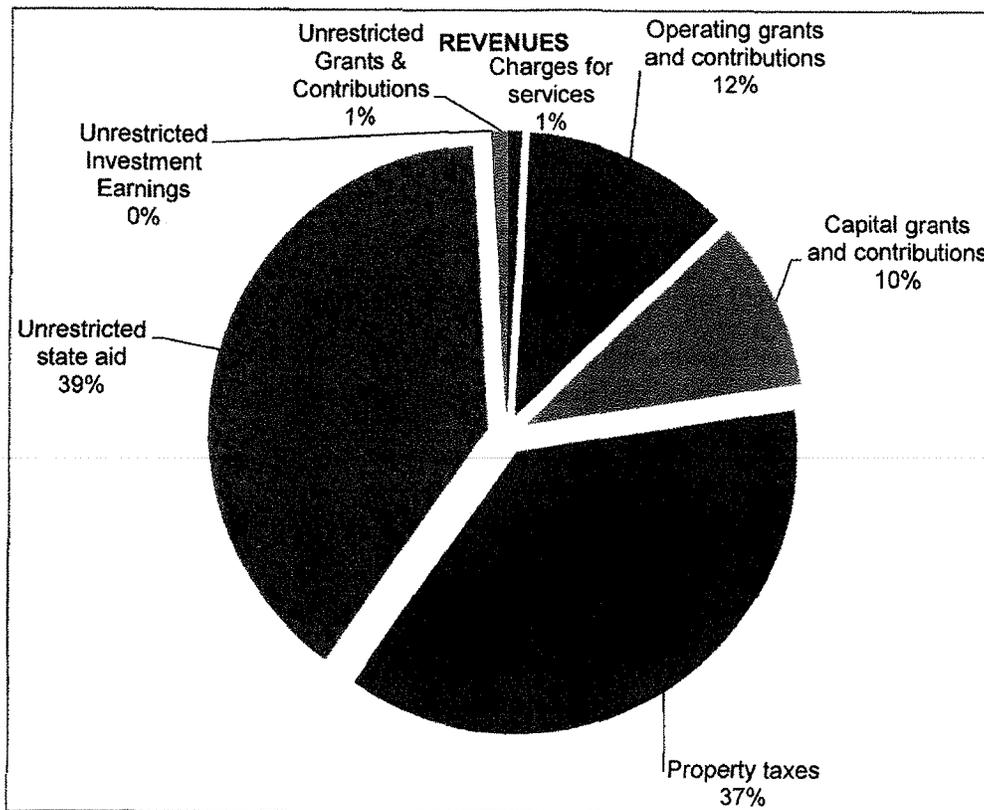
Jefferson County Board of Education's Changes in Net Assets

	Governmental activities	
	FY 2011	FY 2010
Operating grants and contributions	\$ 836,309	\$ 858,784
Capital grants and contributions	13,103,226	9,577,902
Property taxes	10,665,843	9,403,864
Unrestricted state aid	40,509,485	46,958,211
Unrestricted investment earnings	42,938,511	29,873,029
Unrestricted grants and contributions	84,528	91,741
Gain on sale of capital assets	868,586	4,064,563
Total revenues	<u>\$ 109,006,488</u>	<u>\$ 100,828,094</u>
Expenses:		
Instruction	\$ 66,979,316	\$ 60,380,598
Supporting services:		
Students	5,456,251	4,553,211
Instructional staff	2,113,835	1,049,385
District administration	1,678,313	1,588,935
School Administration	5,557,061	4,842,308
Business services	2,877,306	2,984,555
Operation and maintenance	9,742,860	9,663,392
Transportation	8,812,126	7,834,884
Total supporting services	<u>36,237,752</u>	<u>32,516,670</u>
Food service	5,507,054	5,052,965
Community services	75,000	75,000
Interest on long term debt	378,099	580,224
Total expenses	<u>109,177,221</u>	<u>98,605,457</u>
Change in net assets	(170,733)	2,222,637
Net assets - beginning of year (as restated)	<u>103,455,878</u>	<u>100,933,241</u>
Net assets - end of year	<u>\$ 103,285,145</u>	<u>\$ 103,155,878</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

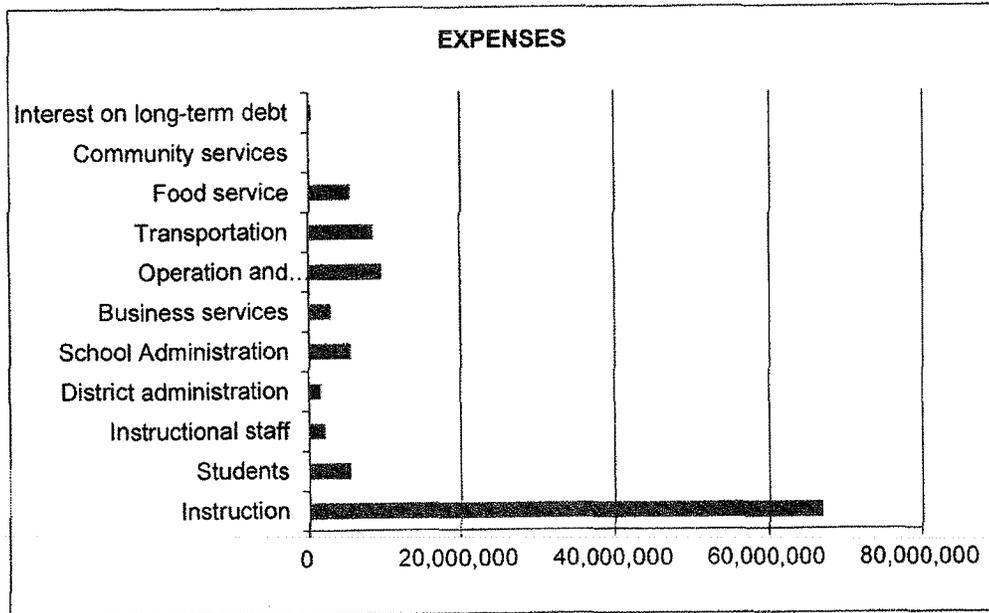
The largest increase in revenues is from state aid and property tax collections. The cost for OPEB is the single largest factor affecting the increase in expenses.

The following chart shows the Board's revenues for fiscal year ended June 30, 2011 by source:



**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

The following chart shows the Board's expenses for fiscal year ended June 30, 2011 by function:



Financial Analysis of the Board's Funds

As noted earlier, the 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 (\$1,025,272). The final component of fund balance, the unassigned is reported as a negative \$9,319,362 and is a result of the recognition of the OPEB liability, \$17,091,591, as a current liability in the fund financial statements.

General Fund Budgetary Highlights

During the year, the Board revised the budget. Budget revisions reflected changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$1,024,762 in total general fund expenditures. The major portion of the increase is due to the re-establishment of the budget balances from the prior year and the increase in regular and excess levy tax collections.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

Capital Assets and Long-term Liabilities

Capital assets - The Board's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$115,984,925 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, 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 \$8,356,394.

Major capital asset events during the current fiscal year included the following:

- The addition of construction in process for Driswood Elementary School, South Jefferson Elementary Addition and Blue Ridge Primary, Charles Town Middle Roof project, Harpers Ferry Middle Addition and HVAC replacement projects, North Jefferson Site Improvements and Jefferson High School Buses
- Land purchased near Harpers Ferry Middle School

<u>Assets</u>	<u>FY 2011</u>	<u>FY 2010</u>
Land	\$ 3,441,494	\$ 3,395,590
Buildings and improvements	102,141,851	89,993,294
Furniture and equipment	2,113,241	1,848,591
Vehicles	4,055,683	3,805,810
Construction in progress	4,232,656	9,258,648
Total capital asset additions	<u>\$ 115,984,925</u>	<u>\$ 108,301,933</u>

Additional information on the Board's capital assets can be found in Note 6 to the basic financial statements.

Long-term liabilities - At the end of the current fiscal year, the Board had total bonded debt outstanding of \$12,935,000 and capital lease obligations of \$456,958. The obligation for compensated absences for vacations was \$214,500 at June 30, 2011. Additional information on the Board's long-term debt can be found in Note 7 to the basic financial statements.

<u>Outstanding Long-term debt</u>	<u>Governmental Activities</u>
General Obligation Bonds	\$ 12,935,000
Capital Lease Obligations	456,598
Compensated Absences	214,500
Total debt outstanding	<u>\$ 13,606,098</u>

Factors Bearing on the Board's Future

At the time these financial statements were prepared and audited, the Board was not aware of circumstances that could significantly affect its financial health in the future:

The Board also continues to pursue legal action seeking legislative funding through the West Virginia Public School Support Program to fund the rapidly increasing OPEB liability.

**JEFFERSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

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 Office of the Treasurer, Jefferson County Board of Education, 110 Mordington Ave, Charles Town, WV 25414.

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,589,591
Investments	1,327,171
Prepaid	137,370
Taxes receivable, net of allowance for uncollectible taxes	2,179,605
Food services receivable	396,449
Other receivables	2,106,899
Due from other governments:	
State aid receivable	133,300
PEIA allocation receivable	983,718
Reimbursements receivable	1,067,036
Total current assets	28,921,139
Noncurrent assets:	
Capital assets not being depreciated:	
Land	3,441,494
Construction in progress	4,232,656
Capital assets being depreciated:	
Buildings and improvements	138,446,137
Furniture and equipment	4,163,588
Vehicles	8,590,312
Less accumulated depreciation	(42,889,262)
Total noncurrent assets	115,984,925
Total assets	144,906,064
LIABILITIES AND NET ASSETS	
Liabilities:	
Salaries payable and related payroll liabilities	6,473,670
PEIA premiums payable	1,099,566
Deferred revenues	679,948
Accounts payable	2,557,415
Other post employment benefit payable - state aid funded employees	14,117,171
Other post employment benefit payable - all other employees	3,003,278
Long-term obligations:	
Due within one year:	
Bonds, capital leases, and contracts	1,382,715
Accrued interest	83,773
Due beyond one year:	
Bonds, capital leases, and contracts	12,008,883
Compensated absences	214,500
Total liabilities	41,620,919

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2011

		Governmental Activities
<hr/>		
Net Assets:		
Invested in capital assets, net of related debt	\$	102,593,327
Restricted for:		
Debt service		1,351,310
Special projects		143,082
Capital projects		6,662,922
Unrestricted		<u>(7,465,496)</u>
Total net assets	\$	<u><u>103,285,145</u></u>

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

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions	Program Revenues			Net (Expense), Revenue & Changes in Net Assets Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:			Capital Grants and Contributions	
Instruction	\$ 66,979,316	\$ 30,515	\$ 8,430,062	\$ (49,702,920)
Supporting services:				
Students	5,456,251	-	220,111	(4,930,884)
Instructional staff	2,113,835	-	85,298	(1,718,209)
District administration	1,678,313	-	67,822	(1,525,115)
School administration	5,557,061	-	223,855	(5,051,412)
Business services	2,877,306	-	116,089	(2,615,082)
Operation and maintenance of facilities	9,742,860	34,439	494,448	(8,821,186)
Student transportation	8,812,126	-	447,308	(7,234,999)
Food services	5,507,054	697,655	2,206,762	(2,602,637)
Community services	75,000	73,700	10,000	8,700
Interest on long-term debt	378,099	-	-	(378,099)
Total governmental activities	\$ 109,177,221	\$ 836,309	\$ 13,103,226	\$ (84,571,843)
General revenues:				
Property taxes				40,509,485
Unrestricted state aid				42,938,511
Unrestricted investment earnings				84,528
Unrestricted grants and contributions				868,586
Total general revenues				84,401,110
Change in net assets				(170,733)
Net assets - beginning (Note 13)				103,455,878
Net assets - ending				\$ 103,285,145

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

**JEFFERSON COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2011

	General Current Expense	Special Revenue Fund	Special Revenue ARRA Fund	Debt Service Fund	Capital Projects Fund	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 12,322,500	\$ 1,415,777	\$ 18,824	-	\$ 6,832,489	\$ 20,589,590
Investments	-	-	-	1,327,171	-	1,327,171
Prepaid	136,781	589	-	-	-	137,370
Taxes receivable, net	2,072,565	-	-	107,038	-	2,179,603
Food service receivable, net	-	396,449	-	-	-	396,449
Other receivables	144,122	42,648	1,555,399	-	364,729	2,106,898
Due from other governments:						
State aid receivable	120,908	12,392	-	-	-	133,300
PEIA allocation receivable	983,718	-	-	-	-	983,718
Reimbursements receivable	175,939	329,334	-	-	561,763	1,067,036
Due from other funds	1,520,110	-	-	-	-	1,520,110
Total assets	\$ 17,476,643	\$ 2,197,189	\$ 1,574,223	\$ 1,434,209	\$ 7,758,981	\$ 30,441,245

LIABILITIES AND FUND BALANCES

Liabilities:						
Salaries payable and related payroll liabilities	\$ 5,972,489	\$ 482,358	\$ 18,824	-	-	\$ 6,473,671
Other post employment benefits payable:						
state aid funded	14,088,313	26,353	2,505	-	-	14,117,171
all other employees	3,003,278	-	-	-	-	3,003,278
PEIA premiums payable	992,867	97,497	9,203	-	-	1,099,567
Accounts payable	1,010,152	427,622	23,581	-	1,096,061	2,557,416
Deferred revenue	1,592,128	1,020,277	-	82,899	-	2,695,304
Due to other funds	-	-	1,520,110	-	-	1,520,110
Total liabilities	26,659,227	2,054,107	1,574,223	82,899	1,096,061	31,466,517

Fund Balances:

Nonspendable	136,781	589	-	-	-	137,370
Restricted	-	142,493	-	1,351,310	4,515,099	6,008,902
Committed	-	-	-	-	2,147,821	2,147,821
Unassigned	(9,319,365)	-	-	-	-	(9,319,365)
Total fund balances	(9,182,584)	143,082	-	1,351,310	6,662,920	(1,025,272)

TOTAL LIABILITIES AND FUND BALANCES

	\$ 17,476,643	\$ 2,197,189	\$ 1,574,223	\$ 1,434,209	\$ 7,758,981	
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The notes to the financial statements are an integral part of this statement.

**JEFFERSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2011**

Total fund balances on the governmental fund's balance sheet \$ (1,025,272)

Amounts reported for governmental activities in the statement of net assets are different due to:

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds. (Note 6) 115,984,925

Deferred charges are not reported in the funds

Receivable amounts that 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.

Taxes receivable	1,621,917
Royalty receivable	2,820
E-rate receivable	50,296
Food service receivable	340,330

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Bonds payable	(12,935,000)
Accrued interest on bonds	(83,773)
Capital leases payable	(456,598)
Compensated absences	<u>(214,500)</u>

Net assets of governmental activities \$ 103,285,145

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

**JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

	General Current Expense	Special Revenue	Special Revenue ARRA	Debt Service Fund	Capital Projects Fund	Total Governmental
Revenues:						
Property taxes	\$ 39,010,613	\$ -	\$ -	\$ 1,830,959	\$ -	\$ 40,841,572
Other Local sources	927,489	946,887	-	5,720	3,897,446	5,777,542
State sources	42,410,249	3,221,436	-	-	5,730,483	51,362,168
Federal sources	968,586	5,248,075	5,140,839	-	-	11,357,500
Total revenues	83,316,937	9,416,398	5,140,839	1,836,679	9,627,929	109,338,782
Expenditures:						
Instruction	53,355,500	4,272,153	4,600,123	-	22,608	62,250,384
Supporting services:						
Students	4,693,196	744,075	17,859	-	-	5,455,130
Instructional staff	3,047,773	675,561	196,263	-	-	3,919,597
Central administration	1,652,222	3,495	13,455	-	8,750	1,677,922
School administration	5,555,868	-	-	-	-	5,555,868
Business	2,828,322	48,249	-	-	-	2,876,571
Operation and maintenance of facilities	9,541,114	1,883	-	-	197,483	9,740,480
Student transportation	7,965,989	844,208	-	-	-	8,810,197
Food services	596,912	4,908,897	-	-	-	5,505,809
Community services	75,000	-	-	-	-	75,000
Capital outlay	-	425,802	358,234	-	9,189,932	9,973,968
Debt service:						
Principal retirement	-	-	-	1,130,000	-	1,130,000
Interest and fiscal charges	-	-	-	545,601	-	545,601
Total expenditures	\$ 89,311,896	\$ 11,924,323	\$ 5,185,934	\$ 1,675,601	\$ 9,418,773	\$ 117,516,527

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

**JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

	General Current Expense	Special Revenue	Special Revenue ARRA	Debt Service Fund	Capital Projects Fund	Total Governmental
Excess (deficiency) of revenues over expenditures	\$ (5,994,959)	\$ (2,507,925)	\$ (45,095)	\$ 161,078	\$ 209,156	\$ (8,177,745)
Other financing sources (uses):						
Transfers in	1,688,270	2,660,924	-	-	39,157	4,388,351
Transfers (out)	(2,342,428)	(77,504)	(82,997)	(855,013)	(1,030,409)	(4,388,351)
Total other financing sources (uses)	(654,158)	2,583,420	(82,997)	(855,013)	(991,252)	-
Net change in fund balances	(6,649,117)	75,495	(128,092)	(693,935)	(782,096)	(8,177,745)
Fund balances - beginning	(2,833,469)	67,587	128,092	2,045,245	7,445,016	6,852,471
Restatement of fund balance	300,002	-	-	-	-	300,002
Fund balances - beginning, as restated (Note 13)	(2,533,467)	67,587	128,092	2,045,245	7,445,016	7,152,473
Fund balances - ending	\$ (9,182,584)	\$ 143,082	\$ -	\$ 1,351,310	\$ 6,662,920	\$ (1,025,272)

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

**JEFFERSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
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 \$ (8,177,745)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net assets is the amount by which capital outlays exceed depreciation in the current period. (Note 6)

Depreciation expense	(3,559,218)
Capital outlays	11,242,211

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, rather they are reported as deferred revenues.

Taxes receivable	[current year \$ 2,179,605 less prior year \$2,504,350]	(324,745)
Food service receivable	[current year \$396,449 less prior year \$413,234]	(16,785)
Other receivable	[current year \$62,537 less prior year \$53,299]	9,238

The repayment or addition of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment or addition has no effect on net assets. (Note 7)

Bonds payable	1,290,680
Leases payable	(617,273)

Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net assets in the statement of activities. (Note 6)

Cost of assets disposed	897,415
Accumulated depreciation of assets disposed	(897,415)

Compensated absences are reported as liabilities in the statement of net assets, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences increased. (Note 7)

Accrued vacation payable	(23,923)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

6,827

Change in net assets of governmental activities	<u>\$ (170,733)</u>
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The notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2011

		Agency Funds School Activity Funds
ASSETS		
Cash and cash equivalents	\$	1,112,844
Total assets	\$	1,112,844
 LIABILITIES		
Due to Student Activities		1,112,844
Total liabilities	\$	1,112,844

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

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal 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 ultimate standard-setting body for state and local governments.

A. Reporting Entity:

The Jefferson County Board of Education (the 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 board 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 No. 14 (as amended by GASB Statement No. 39) 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 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 Board has no component units, defined by GASB Statement No. 14 (as amended by GASB Statement No. 39) as other legally separate organizations for which the elected board members are financially accountable.

B. Government-wide and Fund Financial Statements:

The Government-wide financial statements (the statement of net assets and the statement of activities) display information about the 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 demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a function or segment and, therefore, are clearly identifiable to a particular function or segment.

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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The fund financial statements provide information about the individual funds maintained by the Board. All funds maintained by the Board are considered to be major funds for reporting purposes and are presented in individual separate columns.

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.

Debt Service Fund: The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the Board for the acquisition of capital assets.

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: School activity funds to account for the assets of the individual schools of the Board, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the Board by a benefactor for the purpose of providing scholarships for graduates of the county school board.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

C. Measurement Focus and Basis of Accounting:

The Government-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 No. 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 collectible within 60 days after year-end, except taxes which are recognized if collectible within 30 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 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. See Note 15 for a summary of the Board's encumbrances.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

I. Capital Assets:

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles are reported in the Government-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 with 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:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Site Improvements	20 – 35
Furniture and Equipment	5 – 20
Vehicles	8 – 12

J. Compensated Absences and Special Termination Benefits:

Compensated Absences:

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 5 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 post-employment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

Special Termination Benefits:

When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board.

The payment of health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia State Legislature appropriates funds that are used by the Board to pay for its obligations for this special termination benefit. Because such appropriations are at the discretion of the Legislature and not guaranteed, the liability for sick leave convertible to health insurance premiums using the vesting method is recorded in the Board's financial statements. The Board records this liability utilizing the guidance of GASB Statements No. 43 and No. 45.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

K. Long-term Obligations:

In the Government-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.

L. Restricted Net Assets:

For the Government-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. Restricted net assets totaled \$1,351,310 for debt service, \$143,082 for special projects and \$6,662,922 for capital projects.

M. 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 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 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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 Board or by a body or official to which the 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.

N. 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.

O. 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.

P. 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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Note 2 - 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.

Note 3 - 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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Workers Compensation Fund (WCF): West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the State. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2009 and to government employers July 1, 2010. Nearly every employer in the State, including all boards of education, which have a payroll must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Note 4 - 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 Assessor's Valuation Fund are also to be excluded from the calculation.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2011 were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Bond Purposes</u>
Class I	\$ -	19.40¢	22.95¢	1.98¢
Class II	\$ 2,119,649,580	38.80¢	45.90¢	3.96¢
Class III	\$ 868,421,052	77.60¢	91.80¢	7.92¢
Class IV	\$ 399,273,387	77.60¢	91.80¢	7.92¢

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.

Taxes Receivable:

Taxes receivable as of year end for the Board's funds are as follows:

	<u>General Fund</u>	<u>Bond Purposes</u>	<u>Excess Levy</u>
Taxes Receivable	\$ 1,640,416	\$ 199,210	\$ 1,930,420
Less: allowance for uncollectible	\$ (686,339)	\$ (92,172)	\$ (811,932)
Net total taxes receivable	\$ 954,077	\$ 107,038	\$ 1,118,488

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Note 5 - Excess Levy:

The Board had an excess levy in effect during the fiscal year ended June 30, 2011. The levy was authorized by the voters of the county at an election held on November 7, 2006 for the fiscal years ended June 30, 2008 through June 30, 2011 to provide funds for the following purposes:

A. Salary supplements and stipends (including employer taxes and fixed costs)	\$ 6,604,973
B. Personnel not funded by state aid formula (including related employer taxes and fixed costs)	3,900,000
C. Employee Benefits	600,000
D. Compensation for substitute employees	700,000
E. School allocations	750,000
F. Instructional materials, including textbooks, library books and classroom supplies	750,000
G. Equipment, facility repair and maintenance	1,600,000
H. Provide school nurse services	350,000
I. Support for local public libraries	45,000
J. Support for WVU Extension Services to Community and Schools	30,000
	<u>\$ 15,329,973</u>

A total of \$21,318,040.14 was received by the Board from the excess levy during the fiscal year ended June 30, 2011.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Note 6 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2011, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 3,395,590	\$ 45,904	\$ -	\$ 3,441,494
Construction in progress	9,258,648	9,550,042	(14,576,034)	4,232,656
Total non-depreciable capital assets	<u>12,654,238</u>	<u>9,595,946</u>	<u>(14,576,034)</u>	<u>7,674,150</u>
Capital assets, depreciable:				
Buildings and improvements	123,830,291	14,645,099	(29,253)	138,446,137
Furniture and equipment	4,015,519	756,322	(608,253)	4,163,588
Vehicles	8,029,343	820,878	(259,909)	8,590,312
Total depreciable capital assets	<u>135,875,153</u>	<u>16,222,299</u>	<u>(897,415)</u>	<u>151,200,037</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,836,997)	(2,496,541)	29,253	(36,304,285)
Furniture and equipment	(2,166,928)	(491,672)	608,253	(2,050,347)
Vehicles	(4,223,533)	(571,005)	259,909	(4,534,629)
Total accumulated depreciation	<u>(40,227,458)</u>	<u>(3,559,218)</u>	<u>897,415</u>	<u>(42,889,262)</u>
Total depreciable capital assets, net	<u>95,647,695</u>	<u>12,663,081</u>	<u>-</u>	<u>108,310,775</u>
Total capital assets, net	<u>\$ 108,301,933</u>	<u>\$ 22,259,027</u>	<u>\$ (14,576,034)</u>	<u>\$ 115,984,926</u>

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	\$ 2,423,821
Supporting Services:	
Central administration	126,006
Operation and maintenance of facilities	407,954
Transportation	571,005
Food services	30,432
Total depreciation expense - governmental activities	<u>\$ 3,559,218</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Construction in Progress

The Board has active construction projects as of the fiscal year ended June 30, 2011. The projects include an addition to Blue Ridge Elementary School, an addition and HVAC to Harpers Ferry Middle School, site improvements at North Jefferson Elementary School, and Jefferson High School track. At year end, the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Blue Ridge Elementary Addition		\$ 4,057,158
Harpers Ferry Middle School Addition		135
Harpers Ferry Middle School HVAC		119,327
North Jefferson Elementary Site Improvements		28,651
Jefferson High School Track		<u>27,385</u>
		<u>\$ 4,232,656</u>

Note 7 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2011 is as follows:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>	<u>Amounts due within one year</u>
General obligation debt	\$ 14,065,000	\$ -	\$ 1,130,000	\$ 12,935,000	\$ 1,185,000
Compensated absences	190,577	23,923	-	214,500	214,500
Capital leases payable	-	617,273	160,675	456,598	197,715
Total Long-term liabilities	<u>\$ 14,255,577</u>	<u>\$ 641,196</u>	<u>\$ 1,290,675</u>	<u>\$ 13,606,098</u>	<u>\$ 1,597,215</u>

General Obligation Bonds – General obligation bonds payable at June 30, 2011, with their outstanding balance are comprised of the following individual issue:

Bond Issue of Public Schools Bond, Series 2004	<u>\$ 19,000,000</u>
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JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Bond Issue of Public Schools Bond, Series 2004:

On November 18, 2004, the Board issued \$19,000,000 in general obligation bonds to provide funds for a new high school construction (Washington High School) and old high school renovations (Jefferson High School). The bonds mature in varying annual increments through May, 2020 and interest is payable semiannually at 3.625% - 4.125%. Payments on the general obligation bonds payable during the year were made from the debt service fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments, are listed as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,185,000	\$ 502,639	\$ 1,687,639
2013	\$ 1,240,000	\$ 459,683	\$ 1,699,683
2014	\$ 1,300,000	\$ 413,183	\$ 1,713,183
2015	\$ 1,365,000	\$ 364,433	\$ 1,729,433
2016	\$ 1,425,000	\$ 313,245	\$ 1,738,245
2017 - 2020	\$ 6,420,000	\$ 669,025	\$ 7,089,025
 Total	 <u>\$ 12,935,000</u>	 <u>\$ 2,722,208</u>	 <u>\$ 15,657,208</u>

Total bonded indebtedness at July 1, 2010	\$ 14,065,000
Maturities	<u>(1,130,000)</u>
Total bonded indebtedness at June 30, 2011	<u>\$ 12,935,000</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011**

Note 8 - 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.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2011 for the Board's capital leases:

<u>Year</u>	
2012	\$ 224,477
2013	224,477
2014	33,720
2015	12,000
2016	5,000
Total minimum lease payments	\$ 499,674
Less: Amount representing interest	43,076
Present Value of Minimum lease payments	<u>\$ 456,598</u>

The Board has no operating leases in place as of June 30, 2011.

Note 9 - 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 \$53,249,296 and the payroll was \$49,188,334 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.

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.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

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.

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:

<u>Year Ended June 30</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Required contributions	\$ 404,547,000	\$ 487,886,000	\$ 471,171,000
As a % of current year covered payroll	25.89%	29.57%	28.55%

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 \$3,172,232.

Total payments reflected in the Board's financial statements to the defined benefit plan for the fiscal year ended June 30, 2011 were:

Employees' contributions (6%)	2,505,856
Employer's contributions (15% or 7.5%)	4,015,536
Total contributions	<u>\$ 6,521,392</u>

Teachers' Defined Contribution Retirement System:

Plan Description: All Board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the 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 fiscal year ending June 30, 2009. 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 Intermediate-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, 2011, this plan had approximately \$222 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.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 the fiscal year ended June 30, 2011 were:

Employees' contributions (4.5%)	\$ 333,816
Employer's contributions (7.5%)	<u>556,361</u>
Total contributions	<u>\$ 890,177</u>

The Consolidated Public Employees Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave. S.E., Charleston, WV 25304-1636.

Note 10. Post Employment Benefits Other Than Pension:

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 in 2004 to establish standards for the measurement, recognition, and reporting of Other Post Employment Benefits (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.

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.

**JEFFERSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011**

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 Teacher's 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.

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:

	<u>Total</u>	<u>Amount Per Policy Holder</u>
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

That report may be obtained by writing to West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, WV, 25305-0710.

The following summarizes the Board's OPEB activity:

OPEB liability at July 1	\$ 9,328,895
Total OPEB expense	9,594,243
Less:	
State appropriation allocation	
Pay as you go payments and other credits	<u>(1,802,689)</u>
 OPEB at year end	 \$ <u>17,120,449</u>
Portion attributable to personnel funded through the Public School Support Program (PSSP)	 14,117,171 <u>3,003,278</u>
 Portion attributable to remaining personnel	 \$ <u>17,120,449</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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.

Note 11. Payments on Behalf:

The Board may receive commitments or payments made by the State or an intermediate governmental jurisdiction for the benefit of the Board or contributions of equipment or supplies. Such revenue includes the payment to a pension fund by the State or an intermediate unit on behalf of the Board's employees for services rendered to the Board. The revenues recorded as Payments on Behalf of the Board are as follows:

Retirement allocation by the State (03911)	\$	3,172,232
Other (03914)	\$	492,388
Retirement allocation by the state for remainder of unfunded liability. (03917)	\$	8,910,543

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.

Note 13 - Restatement of Beginning Balance:

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

	General Current Expense Fund	Government- Wide Statements
	<u> </u>	<u> </u>
Balance at June 30, 2010, as previously stated	\$ (2,833,469)	\$ 103,155,876
Total Adjustments (See Below)	<u>300,002</u>	<u>300,002</u>
Balance at June 30, 2011, Restated	<u>\$ (2,533,467)</u>	<u>\$ 103,455,878</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The adjustments consisted of the following:

General Current Expense Fund:

The adjustments consisted of the forfeiture allotment from the West Virginia Teachers' Defined Contributions system in the amount of \$180,502 and the Other Post Employment Benefits liability in the amount of \$61,672 - See Note 10.

Note 14 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2011 are as follows:

Fund Balance	General Current Expense Fund	Special Revenue Fund	Special Revenue ARRA Fund	Debt Service Fund
Nonspendable:				
Forfeiture	\$ 52,560	\$ -	\$ -	-
Prepaid	84,221	589	-	-
Restricted:				
Special projects	-	142,493	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	1,351,310
Committed:				
Board Designated	-	-	-	-
Unassigned:	<u>(9,319,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	\$ <u>(9,182,584)</u>	\$ <u>143,082</u>	\$ <u>-</u>	\$ <u>1,351,310</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

	<u>Capital Projects Fund</u>		<u>Total Governmental</u>
Nonspendable:			
Inventory	\$ -	\$ -	52,560
Prepaid		-	84,810
Restricted:			
Special projects		-	142,493
Capital projects	4,515,099		4,515,099
Debt service		-	1,351,310
Committed:			
Board Designated	2,147,821		2,147,821
Unassigned:			(9,319,365)
Total fund balances	<u>\$ 6,662,920</u>	<u>\$ -</u>	<u>(1,025,272)</u>

Note 15 - Commitments, Contingencies and Subsequent Events:

The Board had encumbrances totaling \$5,501,986 as of June 30, 2011 in the following funds:

General Current <u>Expense</u>	Special Revenue <u>Fund</u>	Special Revenue ARRA <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>
\$ 200,757	\$ 73,086	\$ -	\$ -	\$ 5,228,143

Encumbrances are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

During the fiscal year ended June 30, 2011, the Board was awarded the following grants of \$ 4,071,862 and \$187,900 from the School Building Authority (SBA) to finance the construction of an addition to Harpers Ferry Middle School and a school safety grant.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

As of June 30, 2011 the following commitments for construction and other capital improvements existed, which are included in the restricted fund balance reflected in the accompanying financial statements:

Harpers Ferry Middle School Roof, oil tank, and heating system	\$ 785,000
Jefferson High School track	\$ 300,000
Drivers education vehicles	\$ 40,000

Subsequent to June 30, 2011, the following additional commitments for construction and other capital improvements have been entered into:

Jefferson High School Bleachers ADA Compliance	\$ 25,000
North Jefferson Elementary parking lot	\$ 560,000
Co-Curricular capital needs	\$ 100,000
Blue Ridge Elementary Valley property	\$ 125,000

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 funding 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:

Due to/from other funds:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
<u>Fund</u>	<u>Fund</u>	
General Current Expense	Special Revenue ARRA fund	\$ <u>1,520,110</u>

Transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	Special Revenue	\$ 2,342,428
Debt Service	General	855,013
Special Revenue	General	77,504
Special Revenue ARRA	General	43,840
Capital Projects	General	711,913
Capital Projects	Special Revenue	318,496
Special Revenue ARRA	Capital Projects	39,157
		\$ <u>4,388,351</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Interfund Transfers

During the year ended June 30, 2011, the General Fund transferred \$2,342,428 to the Special Revenue Fund for food service operations, staff development, curricular trips and out of the state instruction. The Debt Service Fund transferred \$855,013 to the General Fund due to debt retirement. The Special Revenue fund and Special Revenue ARRA fund transferred \$121,345 to the General Fund for Indirect Costs (5%). The Capital Projects Fund transferred \$711,913 of Impact Fees to the General Fund and \$279,339 to the Special Revenue and Special Revenue ARRA funds to cover maintenance projects.

Note 17 - Impact Fees:

Jefferson County, West Virginia, implemented the charge of impact fees that are a one-time payment which may be assessed by a municipality to offset the costs to the municipality associated with providing necessary public services. Impact Fees for the county are proportionate and reasonably related to the capital facility service demands of new development. The fee methodologies establish that the fees will substantially benefit new development. These impact fees are for Schools, Parks and Recreation, Law Enforcement, Fire/EMS and County Facilities and Vehicles.

The balance of the school impact fee account was \$623,655 as of June 30, 2010 and \$1,780,777 as of June 30, 2011.

Note 18 - Table Referendum:

Jefferson County Board of Education receives a monthly distribution directed by the West Virginia Lottery Commission in compliance with Code section §29-22C-27. The special fund in the State Treasury is known as the West Virginia Lottery Racetrack Table Games Fund. The total distribution for fiscal year 2011 was \$3,892,175.

The balance of the West Virginia Lottery Racetrack Table Games Fund was \$0 as of June 30, 2010 and \$2,767,675 as of June 30, 2011.

Note 19 - Major Sources of Revenue:

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments		Actual Amounts		Variance With Final Budget Favorable (Unfavorable)
	Original	Final		Budget Basis	Budget Basis	Budget Basis	Budget Basis	
Revenues:								
Property taxes	\$ 38,489,863	\$ 38,489,863	\$ 39,010,613	\$ -	\$ 39,010,613	\$ 520,750		
Other Local sources	1,402,624	1,418,900	927,489	-	927,489	(491,411)		
State sources	32,388,671	32,846,451	42,410,249	-	42,410,249	9,563,798		
Federal sources	450,000	450,000	968,586	-	968,586	518,586		
Total revenues	72,731,158	73,205,214	83,316,937	-	83,316,937	10,111,723		
Expenditures:								
Instruction	45,523,108	44,166,485	53,355,500	(5,122,614)	48,232,886	(4,066,401)		
Supporting services:								
Students	3,228,456	3,927,530	4,693,196	(517,356)	4,175,840	(248,310)		
Instructional staff	2,286,713	2,368,374	3,047,773	(205,027)	2,842,746	(474,372)		
Central administration	1,336,926	1,393,359	1,652,222	(99,789)	1,552,433	(159,074)		
School administration	4,443,745	4,426,462	5,555,868	(498,474)	5,057,394	(630,932)		
Business	2,398,615	2,611,159	2,828,322	(174,275)	2,654,047	(42,888)		
Operation and maintenance of facilities	8,061,094	8,868,105	9,541,114	(413,442)	9,127,672	(259,567)		
Student transportation	6,333,051	6,874,996	7,965,989	(451,189)	7,514,800	(639,804)		
Food services	-	-	596,912	(280,530)	316,382	(316,382)		
Community services	75,000	75,000	75,000	-	75,000	-		
Total expenditures	73,686,708	74,711,470	89,311,896	(7,762,696)	81,549,200	(6,837,730)		
Excess (deficiency) of revenues over expenditures	(955,550)	(1,506,256)	(5,994,959)	7,762,696	1,767,737	3,273,993		

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis		Actual Amounts Budget Basis		Variance With Final Budget Favorable (Unfavorable)
	Original	Final		Budget Basis	Basis	Basis	Basis	
Other financing sources (uses):								
Transfers in	\$ 1,850,000	\$ 955,013	\$ 1,688,270	\$ -	\$ 1,688,270	\$ 733,257		
Transfers (out)	(2,544,451)	(2,509,451)	(2,342,428)	-	(2,342,428)	167,023		
Total other financing sources (uses)	(694,451)	(1,554,438)	(654,158)	-	(654,158)	900,280		
Net Change in fund balance	(1,650,001)	(3,060,694)	(6,649,117)	7,762,696	1,113,579	4,174,273		
Fund balance - beginning	3,000,000	4,187,230	(2,833,469)	9,328,895	6,495,426	2,308,196		
Restatement of fund balance	-	-	300,002	-	300,002	300,002		
Fund balance - ending	\$ 1,349,999	\$ 1,126,536	\$ (9,182,584)	\$ 17,091,591	\$ 7,909,007	\$ 6,782,471		

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
Revenues:				
Local sources	\$ 1,182,000	\$ 1,512,510	\$ 946,887	\$ (565,623)
State sources	2,235,968	3,274,468	3,221,436	(53,032)
Federal sources	4,593,937	5,269,418	5,248,075	(21,343)
Total revenues	8,011,905	10,056,396	9,416,398	(639,998)
Expenditures:				
Instruction	2,985,622	4,213,975	4,272,153	(58,178)
Supporting services:				
Students	779,887	847,103	744,075	103,028
Instructional staff	209,761	799,433	675,561	123,872
Central administration	92,823	-	3,495	(3,495)
Business	-	3,190	48,249	(45,059)
Operation and maintenance of facilities	-	1,883	1,883	-
Student transportation	799,780	973,768	844,208	129,560
Food services	4,600,000	4,659,218	4,908,897	(249,679)
Capital outlay	-	297,375	425,802	(128,427)
Total expenditures	9,467,873	11,795,945	11,924,323	(128,378)
Excess (deficiency) of revenues over expenditures	(1,455,968)	(1,739,549)	(2,507,925)	(768,376)
Other financing sources (uses):				
Transfers in	2,105,000	2,488,196	2,660,924	172,728
Transfers (out)	(649,032)	(740,647)	(77,504)	663,143
Total other financing sources (uses)	1,455,968	1,747,549	2,583,420	835,871
Net Change in fund balance	-	8,000	75,495	67,495
Fund balance - beginning	(196,350)	(152,633)	67,587	220,220
Fund balance - ending	\$ (196,350)	\$ (144,633)	\$ 143,082	\$ 287,715

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND - ARRA
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal sources	\$ 2,679,215	\$ 5,141,631	\$ 5,140,839	\$ (792)
Miscellaneous sources	-	216,778	-	(216,778)
Total revenues	2,679,215	5,358,409	5,140,839	(217,570)
Expenditures:				
Instruction	2,679,215	3,161,077	4,600,123	(1,439,046)
Supporting services:				
Students	-	18,526	17,859	667
Instructional staff	-	128,948	196,263	(67,315)
Central administration	-	18,780	13,455	5,325
Capital outlay	-	358,233	358,234	(1)
Total expenditures	2,679,215	3,685,564	5,185,934	(1,500,370)
Excess (deficiency) of revenues over expenditures	-	1,672,845	(45,095)	(1,717,940)
Other financing sources (uses):				
Transfers in	-	(39,157)	-	39,157
Transfers (out)	-	(1,544,209)	(82,997)	1,461,212
Total other financing sources (uses)	-	(1,583,366)	(82,997)	1,500,369
Net Change in fund balance	-	89,479	(128,092)	(217,571)
Fund balance - beginning	-	-	128,092	128,092
Fund balance - ending	\$ -	\$ 89,479	\$ -	\$ (89,479)

The notes to the required supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011

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 statutes, 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.
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.

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.

Fund: General Fund

<u>Function</u>	<u>Amount</u>
Instruction	\$ (4,066,401)
Students	(248,310)
Instructional Staff	(474,372)
Central Administration	(159,074)
School Administration	(630,932)
Business	(42,888)
Operation and Maintenance of Facilities	(259,567)
Student Transportation	(639,804)
Food Service	(316,382)
Total General Fund	<u>\$ (6,837,730)</u>

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011

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 are caused primarily by the fact that county boards of education are being required by WV Code §5-16D-6 to report the annual portion of the accrued actuarial liability due the West Virginia Retiree Health Benefit Trust Fund (RHBT) for Other Post Employment Benefits (OPEB) as a current liability in the fund basis statements. In addition, GASB 24 establishes standards of accounting and financial reporting for/on behalf payments for fringe benefits and salaries. \$8.9 million is recognized as additional for/on behalf payments made by the State to CPRB on behalf of Jefferson County Board of Education.

Fund: Special Revenue Fund

<u>Function</u>	<u>Amount</u>
Instruction	\$ (58,178)
Central Administration	(3,495)
Business	(45,059)
Food Services	(249,679)
Capital Outlay	(128,427)
	<u>\$ (484,838)</u>

The Special Revenue Fund had a reserve of \$652,387 to cover the over expenditures in its various programs.

Fund: Special Revenue ARRA Fund

<u>Function</u>	<u>Amount</u>
Instruction	\$ (1,439,046)
Instructional Staff	(67,315)
	<u>\$ (1,506,361)</u>

Special Revenue ARRA fund had a reserve of \$1,533,001 to cover over expenditures in its Instruction and Instructional staff programs.

C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund had deficiencies in net changes in fund balances for the year ended June 30, 2011:

<u>Fund</u>	<u>Amount</u>
Special Revenue ARRA Fund	\$ (128,092)

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Fund.

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
Revenues:				
Local sources	\$ 1,673,601	\$ 1,673,601	\$ 1,830,959	\$ 157,358
State sources	-	-	5,720	5,720
Total revenues	1,673,601	1,673,601	1,836,679	163,078
Expenditures:				
Debt service:				
Principal retirement	1,130,000	2,316,031	1,130,000	1,186,031
Interest and fiscal charges	543,601	543,601	545,601	(2,000)
Total expenditures	1,673,601	2,859,632	1,675,601	1,184,031
Excess (deficiency) of revenues over expenditures	-	(1,186,031)	161,078	1,347,109
Other financing sources (uses):				
Transfers (out)	-	(859,214)	(855,013)	4,201
Total other financing sources (uses)	-	(859,214)	(855,013)	4,201
Net Change in fund balance	-	(2,045,245)	(693,935)	1,351,310
Fund balance - beginning	-	2,045,245	2,045,245	-
Fund balance - ending	\$ -	\$ -	\$ 1,351,310	\$ 1,351,310

The notes to the supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ 3,000,000	\$ 3,897,446	\$ 897,446
State sources	-	14,470,530	5,730,483	(8,740,047)
Total revenues	-	17,470,530	9,627,929	(7,842,601)
Expenditures:				
Instruction	-	40,000	22,608	17,392
Central Administration	-	20,000	8,750	11,250
Capital outlay	-	1,325,280	9,189,932	(7,864,652)
Operation and Maintenance of Facilities	-	22,430,232	197,483	22,232,749
Total expenditures	-	23,815,512	9,418,773	14,396,739
Excess (deficiency) of revenues over expenditures	-	(6,344,982)	209,156	6,554,138
Other financing sources (uses):				
Transfers in	-	2,174,026	39,157	(2,134,869)
Transfers (out)	-	(290,000)	(1,030,409)	(740,409)
Total other financing sources (uses)	-	1,884,026	(991,252)	(2,875,278)
Net Change in fund balance	-	(4,460,956)	(782,096)	3,678,860
Fund balance - beginning	-	318,775	7,445,016	7,126,241
Fund balance - ending	\$ -	\$ (4,142,181)	\$ 6,662,920	\$ 10,805,101

The notes to the supplementary information are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2011

	Cash Balance 7/1/2010	Revenues Received	Expenditures Paid	Cash Balance 6/30/2011
High Schools:				
Jefferson High School	\$ 290,024	\$ 660,215	\$ 673,239	\$ 277,000
Washington High School	222,203	465,668	425,818	262,053
Total high schools	512,227	1,125,883	1,099,057	539,053
Middle and Junior High Schools:				
Charles Town Middle School	67,625	158,395	165,959	60,061
Harpers Ferry Middle School	65,906	114,881	128,349	52,438
Shepherdstown Middle School	68,925	65,171	75,065	59,031
Wildwood Middle School	61,410	167,919	157,609	71,720
Total middle and junior high schools	263,866	506,366	526,982	243,250
Elementary Schools:				
Blue Ridge Elementary School	43,785	67,154	65,205	45,734
North Jefferson Elementary School	20,693	46,985	42,569	25,109
Page Jackson Elementary School	18,975	62,746	64,575	17,146
Ranson Elementary School	26,583	31,693	32,226	26,050
Shepherdstown Elementary School	64,055	77,360	84,756	56,659
C.W. Shipley Elementary School	48,370	50,840	53,457	45,753
South Jefferson Elementary School	33,856	120,374	114,901	39,329
Wright Denny Intermediate School	29,673	79,471	84,113	25,031
T.A. Lowery Elementary School	30,332	75,926	68,591	37,667
Driswood Elementary School	-	54,328	42,265	12,063
Total elementary schools	316,322	666,877	652,658	330,541
Total	\$ 1,092,415	\$ 2,299,126	\$ 2,278,697	\$ 1,112,844

The notes to the supplementary information are an integral part of this schedule.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011**

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 statutes, 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.

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.

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.

Fund: Debt Service Fund

<u>Function</u>	<u>Amount</u>
Interest and fiscal charges	\$ (2,000)
	<u>(2,000)</u>

The overexpenditures in these programs were funded by a reduction of expenditures in the remaining instructional programs, available beginning fund balance, and revenues received in excess of the anticipated amounts budgeted.

**JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2011**

C. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund had deficiencies in net changes in fund balances for the year ended June 30, 2011:

<u>Fund</u>	<u>Amount</u>
Debt Service Fund	\$ (693,935)
Capital Projects Fund	(782,096)

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Funds.

SINGLE AUDIT REPORTING PACKAGE

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For the Fiscal Year Ended June 30, 2011**

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State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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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

Honorable Members of the
Jefferson County Board of Education
Charles Town, West Virginia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Board of Education (the Board), as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements and have issued our report thereon, dated March 28, 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

Management of the Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-01, 11-05 and 11-07. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 11-02, 11-03, 11-04, 11-06 and 11-08.

We noted certain matters that we reported to management of the Board in a separate letter dated March 28, 2012.

The Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Board's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the West Virginia Department of Education, the Board, others within the entity, 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.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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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

Honorable Members of the
Jefferson County Board of Education
Charles Town, West Virginia

Compliance

We have audited the compliance of the Jefferson County Board of Education (the Board), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Board'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 the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-09.

In our opinion, except for the noncompliance described in the preceding paragraph, the Board 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

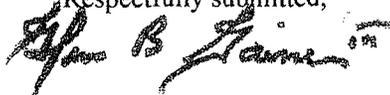
Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with 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 Board'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.

The Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Board's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board, the West Virginia Department of Education, others within the entity, 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.

Respectfully submitted,


Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Agriculture			
<i>Child Nutrition - Cluster:</i>			
Pass-through West Virginia Department of Agriculture			
National School Lunch Program (Noncash - See Note 3)	88	10.555	\$ 289,908
Pass-through West Virginia Department of Education			
School Breakfast Program		10.553	
National School Lunch Program	88	10.555	1,515,350
Summer Food Service Program for Children	88	10.559	<u>37,477</u>
<i>Total Child Nutrition Cluster</i>			<u>1,552,827</u>
Fresh Fruit and Vegetable Program	88	10.582	<u>19,251</u>
Total U. S. Department of Agriculture			<u>1,861,986</u>
U. S. Department of Education			
Pass-through West Virginia Department of Education			
Adult Education - Basic Grants to States	61	84.002	<u>82,319</u>
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	41	84.010	1,017,681
Title I Grants to Local Educational Agencies, Recovery Act	41	84.389	<u>224,161</u>
<i>Total Title I, Part A Cluster</i>			<u>1,241,842</u>
Impact Aid	25	84.041	<u>302,877</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Pass-through West Virginia Department of Education			
<i>Special Education Cluster (IDEA):</i>			
Special Education -			
Grants to States (IDEA, Part B)	43	84.027	\$ 1,736,335
Grants to States (IDEA, Part B) Recovery Act	43	84.391	677,711
Preschool Grants (IDEA Preschool)	43	84.173	31,819
<i>Total Special Education Cluster (IDEA)</i>			<u>2,445,865</u>
Career and Technical Education - Basic			
Grants to States	50	84.048	<u>74,637</u>
Safe and Drug-Free Schools and Communities - State Grants	48	84.186	<u>4,337</u>
Education for Homeless Children and Youth	54	84.196	<u>8,233</u>
English Language Acquisition Grants	45	84.365	<u>63,524</u>
Mathematics and Science Partnerships	40	84.366	<u>75,308</u>
Improving Teacher Quality			
State Grants	40	84.367	<u>364,218</u>
Education Technology State Grants, Recovery Act	58	84.386	<u>18,780</u>
Pass-through West Virginia Governor's Office			
Education Jobs Fund, Recovery Act	52	84.410	<u>1,533,001</u>
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	52	84.394	<u>2,417,888</u>
Total U. S. Department of Education.....			\$ <u>8,632,829</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**JEFFERSON COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Health and Human Services			
Pass-through West Virginia Department of Education			
Healthy Lifestyles Act	49	93.293	\$ <u>200</u>
Total U. S. Department of Health and Human Services			\$ <u>200</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>10,495,015</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JEFFERSON COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Board and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the financial statements.

Note 2. Child Nutrition Program

Child Nutrition Program [CFDA #10.555 and #10.559] expenditures of federal awards are based on the amount of federal funding received for each of the programs. Since the amount of total expenditures for the programs exceeds the amount of the federal awards received, it is presumed that the total received from the federal awards has been expended. The amount of expenditures funded by meal sales, sponsor's contributions and state matching funds for both programs has not been included in the Schedule of Expenditures of Federal Awards. The total combined expenditures for the two programs as funded from all sources was \$4,803,487.

Note 3. Donated Food Value

Donated food distribution represents surplus agricultural commodities received from the U.S. Department of Agriculture passed through from the West Virginia Department of Agriculture. Commodities are valued based on amounts as established by the U.S. Department of Agriculture. For the year ended June 30, 2011 total value of the donated food inventories was \$289,908 which is included in the Child Nutrition cluster of programs.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued :	<u>Unqualified</u>
 <u>Internal control over financial reporting :</u>	
• Material weaknesses identified ?	<u>No</u>
• Significant deficiencies identified that are not considered to be material weaknesses ?	<u>Yes</u>
Noncompliance material to financial statements noted ?	<u>Yes</u>

Federal Awards

<u>Internal control over major programs :</u>	
• Material weaknesses identified ?	<u>No</u>
• Significant deficiencies identified that are not considered to be material weaknesses ?	<u>No</u>
Type of auditor's report issued on compliance for major programs :	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section §__510(a) of OMB Circular A-133 ?	<u>Yes</u>

Identification of major programs :

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Child Nutrition Cluster	10.553/10.555/10.559
Title I Cluster	84.010/84.389
Special Education Cluster	84.027/84.173/84.391
Impact Aid	84.041
Title II Improving Teacher Quality State Grants	84.367
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394
Education Jobs Fund - Education Grants to States, Recovery Act	84.410

Dollar threshold used to distinguish between type A and type B program:	\$314,850
Auditee qualified as low-risk auditee ?	<u>No</u>

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section II - Financial Statement Findings

Internal Controls

#11-01

CONDITION:

We determined during our audit of the Jefferson County Board of Education that adequate internal controls were not being utilized.

CONTEXT:

Specifically, we noted the following problems in our federal sample of expenditures:

Title I

- For one invoice there was no evidence of director's approval. (\$4,356.47 or 4.74% of the total sample dollars.)
- For two invoices the expenditure was for food that did not appear to be for parent involvement meetings. (\$4,844.97 or 5.27% of the total sample dollars.)
- One purchase order was dated after the date on the invoice. (\$1,500 or 1.63% of the total sample dollars.)
- On five instances the disbursement was not made in a timely manner. (\$5,507.98 or 5.99% of the total sample dollars.)
- Four expenditures, were not properly coded. (\$4,150.48 or 4.51% of the total sample dollars.)

Child Nutrition

- For one invoice there was no evidence of approval by the Director of the program. (\$1,249 or .86% of the total sample dollars.)
- For one expenditure the purchase order was dated after the invoice. (\$197 or .14% of the total sample dollars.)

CRITERIA:

Proper internal controls should be applied for purchasing procedures for the Board to assist in the prevention of errors or any misuse of funds.

CAUSE:

Adequate in-office procedures have not been developed to assure that proper internal controls are being utilized.

EFFECT:

As a result of this weakness, the purchasing function could cause expenditures to be inaccurate as they pertain to the budget and actual costs.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Internal Controls
#11-01 (continued)**

RECOMMENDATION:

The Jefferson County Board of Education should design, document, and implement a formal adequate internal control structure to ensure the proper classification, recording, reporting and safeguarding of assets. In addition, policies and procedures are needed to reduce the risk of noncompliance, errors or irregularities.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Title I Program Coordinator will sign and date all invoices. The Title I secretary will confirm signature prior to submitting to Finance for payment. Finance will confirm signature authorization prior to processing payment and return if not signed.

The Title I Program Coordinator will verify all costs are allowable under the Title I program prior to authorizing, signing and submitting purchase requisition/purchase order for approval. Assistant Superintendent of Curriculum and Instruction will return and not authorize purchase orders with unallowable costs.

The Title I Program Coordinator will submit appropriate documentation to Finance in a timely matter for processing payment. Any issues related to untimely payment of invoices should be documented on the invoice to confirm correspondence with the vendor. Finance will also document invoices with any correspondence related to untimely payment of invoices.

The Title I Program Coordinator will verify (via the Chart of Accounts) that the appropriate account code is used when submitting a purchase requisition for goods and/or services.

The Child Nutrition Coordinator or designee will sign and date all invoices. The Child Nutrition secretary will confirm signature prior to submitting to Finance for payment. Finance will confirm signature authorization prior to processing payment and return if not signed.

The Child Nutrition Coordinator will send a memorandum reminding all staff that purchase orders must be in place prior to ordering goods and/or services.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Treasurer's Bond
#11-02**

CONDITION:

We noted during our audit that the Board Treasurer did not provide adequate bond based on the amount of prior years expenditures.

CONTEXT:

Specifically, the treasurer of the Jefferson County Board of Education was bonded for \$350,000. The Jefferson County Board of Education had prior year expenditures of \$109,987,804 which requires the treasurer to be bonded for at least \$600,000.

CRITERIA:

West Virginia Code §18-9-6 states, in part, that:

"Upon appointment this person shall be titled and referred to as treasurer of the board of education. For the faithful performance of this duty, he shall execute a bond, to be approved by the board of education in the penalty to be fixed by the board of education, not to exceed the amount of school funds which it is estimated he will handle within any period of two months."

The Handbook for School Finance prepared by the W.V. Department of Education, states, in part, that:

"The county board must also set the amount of the bond, the amount of which is not to exceed the amount of funds which it is estimated will be handled within any two months, but not less than the amounts according to the following schedule : " (schedule appears in the handbook)

CAUSE:

The Board failed to consider the level of expenditures for the prior year for all funds when determining the amount of bond to be set for the treasurer.

EFFECT:

As a result of this non-compliance, the level of bonding was not sufficient, thereby not providing adequate protection to the Board.

RECOMMENDATION:

The Jefferson County Board of Education should establish procedures to be sure that all prior year expenditures are considered when determining the minimum amount of the Treasurer's bond.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will review and execute appropriate amount of Treasurer's bond after the audited financial statements have been completed.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Individual Schools (JHS)

#11-03

CONDITION:

The Jefferson County Board of Education did not have adequate internal control procedures to assure compliance at the individual school level for Jefferson High School.

CONTEXT:

Specifically, we reviewed Jefferson High School and the following matters were noted:

- For five expenditures, a list of students participating in activities or trips was not attached to invoices.
- Not all voided checks were properly voided or defaced.
- Five checks were issued with only one signature.
- Not all fundraiser reports were available for review.
- Tickets could not be traced from one event to the next and a year long reconciliation was not performed.

CRITERIA:

The *Accounting Procedures Manual for the Public Schools in the State of West Virginia* as prepared by the West Virginia State Department of Education, states, in part, that:

- "1-19. Authorized Expenditures:

All moneys received by a school are considered quasi-public funds and are to be expended for the benefit of the students at the school. Items for which quasi-public funds shall not be expended include flowers, gifts, banquets, or service awards for school employees.

To void a check, write the word "VOID" across the face of the check and check stub. Retain the voided check and file in numeric order with all checks paid by the bank. Leave the check stub for the voided check in the checkbook. Never discard voided checks or check stubs.

Two signatures are required on every check issued by the school, regardless of the fund from which issued. Both signatures cannot be by the same individual.

- 1-13. Fund Raisers

A profit and loss statement must be prepared and made available for public inspection for each fund raising activity conducted by a school that shows gross proceeds, cost of goods sold and net proceeds.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Individual Schools (JHS)

#11-03 (continued)

• 1-14. Gate Receipts

A ticket reconciliation report must be prepared for each event to reconcile tickets sold to cash collected. The report must show the following: beginning cash balance; first and last numbers of each type of ticket sold (student, adult, other); total number of tickets sold by type; price of each type of ticket; total sales; ending cash balance; total cash in cash box; and differences, if any. In addition, total sales from tickets sold prior to the event must be shown. The reconciliation report must also show the activity and date, and must be signed by the preparer and the principal."

CAUSE:

The Board does not have adequate controls to assure that proper accounting procedures are performed for each individual school and that all individual schools meet the requirements set forth by the *Accounting Procedures Manual for the Public Schools in the State of West Virginia* as prepared by the West Virginia State Department of Education.

EFFECT:

These noncompliance issues increase the risk that errors and/or irregularities may occur at the individual school level.

RECOMMENDATION:

The management of the Jefferson County Board of Education and Jefferson High School should take steps to ensure that office procedures are implemented to require compliance with the Accounting Procedures Manual for the Public Schools in the State of West Virginia. Specifically, Chapters 1-13, 1-14, and 1-19 should be complied with.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Any invoices submitted for travel expenses incurred by students will be supported by an itemized statement which lists the date and purpose of the trip, the names of all students and chaperones on the trip and the amounts paid.

All voided checks will have "VOID" across the face of the check and the check stub. In addition all voided checks will have the signature line item removed and shredded.

All checks will be reviewed for dual signatures by the secondary signor and prior to disbursement.

Effective 7/1/11 "event codes" were implemented for tracking fund raisers in the school accounting software. No fundraisers are permitted at JHS without an event code. The "event codes" provide tracking of revenue and expenditures and produce profit and loss statements.

An individual spreadsheet to track beginning and ending ticket numbers for all events will be maintained effective 3/1/12. Family and event passes are tracked and numbered and reconciled on a separate spreadsheet.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Federal Employer Identification Number

#11-04

CONDITION:

We noted during our audit of the Jefferson County Board of Education that organizations not controlled by the Jefferson County Board of Education are using the Federal Employer Identification Number of the Board. Also, we discovered one account that was maintained by the Board that was not identified.

CONTEXT:

Specifically, the following are examples of organizations not under control of the Board that were using the Board's FEIN; the Jefferson County School Personnel Association and a local Cub Scout Pack 420. There was a bank account maintained at MVB Bank with a balance of \$138 that was not in the Board's cash listing.

CRITERIA:

The Accounting Procedures Manual for the Public Schools in the State of West Virginia, Chapter 5, Parent-Teacher Associations, Booster Groups and Other School Support Organizations, states, in part that:

"5-4 Banks Accounts:

Every bank account in which the organization funds are deposited should be insured.....The account should contain the name of the organization and the organization's Federal Employer Identification Number (FEIN)."

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

CAUSE:

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

EFFECT:

The Board's FEIN is now associated with organizations not under the control of the Board and the Board may have assumed certain fiscal responsibilities associated with these organizations.

RECOMMENDATION:

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will send a formal written notification to all organizations currently using the Board's FEIN number and request that these accounts be closed effective immediately.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Child Nutrition Policy
#11-05**

CONDITION:

We noted during our audit of the Jefferson County Board of Education that the collection policy that was established for the Child Nutrition program was not being followed.

CONTEXT:

Specifically, the Child Nutrition program was not following the collection policy regarding their no charge list and when delinquent accounts were to be turned over to an outside collection agency. In our sample, we noted 10 instances in which secondary students account balances continued to rise after the point where they should have been unable to charge.

CRITERIA:

According to the Procedures for Collection of Child Nutrition Accounts, once both elementary and secondary aged school children reach a balance of \$65 or more an official notification letter will be sent to the parents. If payment is not received within 60 days, the delinquent accounts will be turned over to a collection agency or the Magistrate Court of Jefferson County.

Also, for secondary school aged children only, once the balance becomes \$65 or more, the child is placed on a no charge list until they pay down the balance to below \$65.

CAUSE:

Jefferson County Board of Education did not have sufficient internal controls pertaining to adding children to the no charge list. Several children were left off the list resulting in delinquent balances much larger than the limit. Also, the Board does not turn over all delinquent accounts to an outside collection agency or the Magistrate Court of Jefferson County.

EFFECT:

All delinquent accounts were not turned over to a collection agency to try to collect on the outstanding balances. Also several students enrolled in Jefferson County Schools were left off the no charge list resulting in receivable balances exceeding the limit. This results in an increased risk that the board may not be able to collect on their food service receivable balances.

RECOMMENDATION:

It is recommended that the Jefferson County Board of Education implement internal controls to ensure that all the Board of Education's Child Nutrition policies are being followed for all students.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Child Nutrition Coordinator will adhere to the Procedures for Collection of Child Nutrition Accounts for all students.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Personnel/Payroll Records

#11-06

CONDITION:

The Jefferson County Board of Education did not execute proper contracts for all personnel, did not have all current contracts in the personnel files, did not prepare supplementary contracts for all extra duties, did not maintain work a experience ledger, did not maintain all employment verification forms, and there were inconsistencies from payroll records and the certified list.

CONTEXT:

We sampled 25 payroll records and found:

- One instance of incorrect wording on a contract. The contract was worded as a probationary contract but was being utilized as a continuing contract.
- Four instances of utilizing a contract that has not been updated to reflect the current position or the correct number of days
- Two instances of an employee fulfilling an extra duty position that there was not a contract for.
- Human resources did not maintain a work experience ledger so that years of experience for each employee was determinable. The Board relies on WVEIS and a letter sent out each year to maintain years of service.
- The Board did not verify all previous employment for which employees were being paid for years of experience.
- One instance of an employee being coded to the incorrect federal program code on the certified list.
- Two instances of the number of working days for an employee conflicting from the certified list to the contract.

CRITERIA:

West Virginia Code §18A-2-5 states, in part, that:

"Before entering upon their duties service personnel shall execute with the board a written contract"

In order to maintain adequate control over payroll and financial records it is necessary to maintain accurate and updated records on days worked, years of experience and salaries paid for all employees.

In order to assure proper payment of salaries and salary related expenses controls must be in place to verify the calculation of payment and related expenses.

CAUSE:

Jefferson County Board of Education's Human Resources Department did not ensure that all necessary information was maintained in the personnel files to properly determine that each employee was paid according to state statutes.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Personnel/Payroll Records
#11-06 (continued)**

EFFECT:

As a result, questions could arise regarding the proper employment and the validity of employment of certain individuals. In addition, the risk of errors in the amount of salary and related expenses remitted for any individual has been increased.

RECOMMENDATION:

The Jefferson County Board of Education should adopt proper procedures that require the use of forms/contracts as prescribed by the state superintendent of schools to contract services for all personnel, as required by state statute. Experience ledgers should be reviewed and updated on a regular basis to assure accuracy. All prior work experience should be verified from the correct officials. The finance office and human resources department should collaborate more effectively to ensure that the certified list is accurate.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Human Resources Coordinator will continue to review all contracts for accuracy.

The Human Resources Coordinator will continue to monitor contracts for changes and issue a new contract if required.

The Human Resources Coordinator will implement a procedure to insure all employees fulfilling an extra duty position will have a contract if required.

The Human Resources Coordinator has a procedure to maintain work experience for each employee.

The Human Resources Coordinator has a procedure to insure that all previous years of employment are verified for all positions within the systems.

The Human Resources Coordinator has a procedure to insure that the certified list is reviewed for correct federal program codes and number of working days prior to submission.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

West Virginia Business License

#11-07

CONDITION:

During the audit of the Jefferson County Board of Education, we noted the Jefferson County Board of Education did not have procedures in place to ensure that all vendors they used had a valid West Virginia Business License.

CONTEXT:

Specifically, the Jefferson County Board of Education did not determine that all new vendors had a valid West Virginia Business License.

CRITERIA:

Proper policies and procedures should be applied to ensure that all vendors are actual vendors and are licensed to conduct business in the state of West Virginia.

CAUSE:

The Jefferson County Board of Education did not have any policies or procedures to ensure that all vendors were valid vendors and had a valid West Virginia Business License that allows them to conduct business in the state.

EFFECT:

As a result, the Board has an increased risk that a false vendor will not be detected in a timely manner.

RECOMMENDATION:

The Jefferson County Board of Education should adopt proper procedures that require all new vendors to have a current, valid West Virginia Business License before paying for any goods or services.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will implement a procedure beginning fiscal year 2013 that modifies the new vendor application packet to include a line item for providing a vendor's WV Business License.

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Expenditures in Excess of Amounts Allocated in the Budget
#11-08

CONDITION:

We determined during our audit of the Jefferson County Board of Education that the Board incurred expenditures and/or obligations for certain items in excess of the amounts allocated for those items in the budget as last revised.

CONTEXT:

Specifically, expenditures and/or obligations in the following accounts for the General Current Expense Fund, Special Revenue Fund, Special Revenue Fund - ARRA and Debt Service Fund were in excess of the approved budget amounts:

General Current Expense Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 44,166,485	\$ 48,232,886	\$(4,066,401)
Students	\$ 3,927,530	\$ 4,175,840	\$ (248,310)
Instructional Staff	\$ 2,368,374	\$ 2,842,746	\$ (474,372)
Central Administration	\$ 1,393,359	\$ 1,552,433	\$ (159,074)
School Administration	\$ 4,426,462	\$ 5,057,394	\$ (630,932)
Business	\$ 2,611,159	\$ 2,654,047	\$ (42,888)
Operation and Maintenance of Facilities	\$ 8,868,105	\$ 9,127,672	\$ (259,567)
Student Transportation	\$ 6,874,996	\$ 7,514,800	\$ (639,804)
Food Service	\$ -	\$ 316,382	\$ (316,382)

Special Revenue Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 4,213,975	\$ 4,272,153	\$ (58,178)
Central Administration	\$ -	\$ 3,495	\$ (3,495)
Business	\$ 3,190	\$ 48,249	\$ (45,059)
Food Services	\$ 4,659,218	\$ 4,908,897	\$ (249,679)
Capital Outlay	\$ 297,375	\$ 425,802	\$ (128,427)

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

**Expenditures in Excess of Amounts Allocated in the Budget
#11-08 (continued)**

Special Revenue Fund - ARRA

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Instruction	\$ 3,161,077	\$ 4,600,123	\$(1,439,046)
Instructional Staff	\$ 128,948	\$ 196,263	\$ (67,315)

Debt Service Fund

<u>Appropriated Account</u>	<u>Budget</u>	<u>Total Charges Against Budget</u>	<u>Over- Expenditure</u>
Interest and Fiscal Charges	\$ 543,601	\$ 545,601	\$ (2,000)

CRITERIA:

West Virginia State Code §18-9B-10 states:

"County boards of education shall :

1. Authorize the expenditure of funds and incur obligations only in accordance with the budget and the expenditure schedule;
2. Make transfers between items of appropriation only with the prior written approval of the board of finance."

CAUSE:

The Jefferson County Board of Education failed to maintain effective budgetary controls to prevent expenditures and/or obligations in excess of amounts allocated in the budget.

EFFECT:

This overexpenditure did not cause the total budget of the funds to be overexpended, however, overexpenditures can lead to serious financial difficulty for the Board, including, but not limited to, the inability to meet current obligations.

RECOMMENDATION:

It is recommended that the Jefferson County Board of Education implement effective budgetary controls to ensure that actual expenditures and/or obligations do not exceed the amounts allocated for those expenditures in the official budget as approved by the West Virginia Department of Education.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Treasurer will implement effective budgetary controls to ensure that actual expenditures and/or obligations do not exceed the amounts allocated for those expenditures in the official budget as approved by the West Virginia Department of Education.

JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Section III - Federal Award Findings and Questioned Costs

Special Tests and Provisions

#11-09

GENERAL INFORMATION:

CFDA Title and Number: 84.010 Title I, Grants to Local Educational Agencies

84.367 Improving Teacher Quality State Grants

84.389 Title I, Grants to Local Educational Agencies, Recovery Act

Pass-Through Agency: West Virginia Department of Education

Pass-Through Entity Identifying Number : 40 and 41

Federal Agency: Department of Education

CONDITION:

We noted during our audit of the Jefferson County Board of Education that the Title II and Title I programs did not meet Federal Requirements regarding highly qualified teachers.

CONTEXT:

Specifically, the West Virginia Department of Education Monitoring Report dated September of 2010 noted that the Title I and Title II programs did not meet the requirements for highly qualified teachers. The report states in part that, "All teachers hired after the first day of school in 2002 are not highly qualified in Jefferson County." Additionally, the report states, with regard to Title II that, "The state goal of 100% core classes being taught by highly qualified teachers is not being met in Jefferson County." Specifically, based on the Monitoring Report, Jefferson County Schools raised their percentage of the highly qualified teachers by 8% from 80% to 88%

QUESTIONED COSTS:

Unknown

CRITERIA:

As stated in the Review of NCLB (No Child Left Behind) Federal Requirements for LEA (Local Educational Agency) Compliance Commendations/Recommendations and/or Findings, dated May 10, 2007, as prepared by the West Virginia Department of Education, According to No Child Left Behind (NCLB) Title I and Title II state:

"...the local education agency (LEA) must develop and implement a highly qualified plan that includes an annual increase in the percentage of highly qualified teachers to ensure all teachers teaching in core subjects are highly qualified not later than the end of the 2006-2007 school year."

**JEFFERSON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Special Tests and Provisions

#11-09 (continued)

In addition, Title I §1119(a)(1) states:

"In General - Beginning with the first day of the first school year after the date of enactment of the No Child Left Behind Act of 2001, each local education agency receiving assistance under this part shall ensure that all teachers hired after such day and teaching in a program supported with funds under this part are highly qualified."

Further, Title I §2122(b)(10) states in part:

"...the local educational agency will use funds under this subpart to meet the requirements of section §1119."

CAUSE:

The Board did not have procedures in place to meet the requirements for Special Tests and Provisions of the Title I federal program.

EFFECT:

As a result of this noncompliance, the Jefferson County Board of Education did not meet the requirements for highly qualified teachers in the Title I or Title II programs.

RECOMMENDATION:

The Jefferson County Board of Education should have the appropriate central office staff continue implementation of the county's highly qualified plan to ensure that all newly hired teachers assigned to teach core academic subjects enter the system with highly qualified status. If the individuals placed in these positions are the most qualified applicants, the LEA should ensure the individuals pursue the proper certification.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Refer to the Board's Corrective Action Plan

**JEFFERSON COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011**

Status of Prior Year Financial Statement Findings

No matters were reported as financial statement findings in the previous year.

Jefferson County Schools
110 Mordington Avenue
Charles Town, WV 25414
(304) 725-9741

Superintendent:
Susan K. Wall

Board Members:
Peter Dougherty, President
Gary Kable, Vice President
Alan Sturm
Mariland Lee
Scott Sudduth

March 6, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number: 10-01
Audit Finding Title: Time and Effort Documentation
Completion date: July 1, 2011

-
- This finding was fully corrected and corrective action was taken.
 - The following corrected action was taken:

The Special Education Department of the Jefferson County Board of Education has implemented procedures to ensure that "time and effort" records are maintained, as required.

Jefferson County Schools
110 Mordington Avenue
Charles Town, WV 25414
(304) 725-9741

Superintendent:
Susan K. Wall

Board Members:
Peter Dougherty, President
Gary Kable, Vice President
Alan Sturm
Mariland Lee
Scott Sudduth

CORRECTIVE ACTION PLAN

Reference Number: 11-08
Audit Finding Title: Special Tests and Provisions
Contact person: Elizabeth Ward
Anticipated Completion date: Ongoing

Corrective Action planned to be taken:

The appropriate central office staff will continue to implement the county's highly qualified plan to ensure all newly hired teachers assigned to teach core academic subjects enter the system with highly qualified status.



State of West Virginia

Office of the State Auditor
Chief Inspector Division
1900 Kanawha Boulevard, East
Building 1, Room W-100
Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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Telephone: (304) 558-2540
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MANAGEMENT LETTER

Honorable Board Members
Jefferson County Board of Education

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the Jefferson County Board of Education, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 28, 2012.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and reportable conditions in internal control, related to major federal financial assistance programs. We have issued the required report dated March 28, 2012, for the year ended June 30, 2011.

We are also submitting for your consideration the following comments that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. We have already discussed many of these comments and suggestions with management 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. If you have any questions, please do not hesitate to contact us.

Honorable Board Members
Jefferson County Board of Education
Management Letter
Page Two

Suggestions For Improving Operations

Outstanding Checks

It was determined during this audit that the Board has outstanding checks dated between March 2009 and December 2010 totaling \$14,306.59.

Recommendation:

The Board should investigate these outstanding checks. Determination should be made to cancel and reissue the checks, or if they are unable to clear these items, to turn the monies over to the West Virginia State Treasury Unclaimed Property Division.

Signing of Official Board Minutes

It was determined during this audit that the Board did not sign all of the official Board minutes that were in the Official Minutes record book.

Recommendation:

The Board should ensure that all of the official minutes are signed by the proper officials during the next Board meeting when the Board minutes are approved.

These comments are intended for the Board officials, management, grantor agencies and federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

In closing, on behalf of the auditor's staff, we appreciate the opportunity to present this comment for your consideration. We would like to thank management for its hospitality, cooperation, positive attitude and openness to suggestion.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 28, 2012

**Economic and Demographic Data
Jefferson County, West Virginia**

(Source is WORKFORCE West Virginia except as otherwise provided)

- Location:** Jefferson County is located in northeast West Virginia, at the easternmost point of the Eastern Panhandle.
- County Seat:** Charles Town
- The County:** The County is governed by, and generally acts through, The Jefferson County Commission. The Commissioners of the County Commission are elected on a countywide basis.
- Commissioners:** Patsy Noland, President
Dale Manuel, Vice President
Walt Pellish
Frances Morgan
Lyn Widmyer

Population

Year	Jefferson County	West Virginia	United States
2010	53,643	1,854,368	309,330,219
2009	53,054	1,847,775	306,771,529
2008	52,184	1,840,310	304,093,966
2007	51,264	1,834,052	301,231,207
2006	50,003	1,827,912	298,379,912

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income

County	Rank in State In 2009	2009	2006
United States	---	\$38,846	\$37,725
West Virginia	---	\$31,137	\$28,372
Jefferson County	5	\$35,583	\$34,623

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Largest Employers in County (2011)

Employer	Product/Service
PNGI Charles Town Gaming	Gaming
Jefferson County Board of Education	Education
Shepherd University	Higher Education
American Public University System	Higher Education
Jefferson Memorial Hospital	Health
Royal Vendors, Inc.	Manufacturing
Wal-Mart Stores, Inc.	Retail
Department of the Interior	Government
Jefferson County Commission	Government
Department of Agriculture	Government

Average Annual Unemployment Rates (%)

Year	Jefferson County	West Virginia	U.S.
2012 (May)	5.3	7.3	8.2
2011	6.0	8.0	8.9
2010	7.1	8.5	9.6
2009	6.6	7.7	9.3
2008	3.7	4.2	5.8
2007	2.9	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
Jefferson County	14,703	14,552	\$665.94	\$568.88
West Virginia	701,871	705,281	\$751.77	\$629.31

Average Annual Employment by Industry

Industry	2010	2009	2008	2007	2006
Construction	430	450	640	800	920
Manufacturing	820	830	970	990	1,030
Trade, Transportation & Utilities	2,240	2,280	2,540	2,780	2,720
Information	120	120	130	130	130
Financial Activities	440	480	490	500	510
Professional & Business Services	680	760	760	1,030	950
Education & Health Services	1,550	1,440	1,350	1,310	1,170
Leisure & Hospitality	3,710	3,380	3,380	3,300	3,100
Government	3,820	3,650	3,610	3,540	3,460
Other	1,140	1,140	1,130	1,100	1,100
TOTAL	14,990	14,580	15,070	15,540	15,160

Wages Per Industry (2011) (\$)

Industry	Total Wages	Average Weekly Wage
Construction	14,706,456	712.38
Manufacturing	33,325,354	748.67
Trade, Transportation & Utilities	54,581,479	491.87
Information	5,580,813	941.44
Financial Activities	16,126,149	704.81
Professional & Business Services	33,036,591	965.54
Education & Health Services	72,391,011	818.42
Leisure and Hospitality	102,196,193	476.21
Other Services	11,612,799	431.96
Government	161,925,839	857.13
TOTAL	509,143,149	665.94

Total Wages (\$)

Year	Jefferson County	West Virginia
2011	509,143,149	27,437,330,374
2010	471,199,168	26,100,976,332
2009	446,770,631	25,528,702,813
2008	439,793,087	25,534,204,980
2007	442,416,810	24,083,126,318

Proposed Form of Legal Opinion

August 2, 2012

The Board of Education of the
County of Jefferson
202 Chestnut Street
Lewisburg, West Virginia 24901

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies & Gentlemen:

We have examined certified copies of the proceedings of The Board of Education of the County of Jefferson, West Virginia (the "Board"), and other proofs submitted to us relative to the issuance and sale of \$11,590,000 in aggregate principal amounts of The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012, dated August 2, 2012 (the "Refunding Bonds").

The Refunding Bonds are authorized to be issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and under and pursuant to a Resolution and Order duly adopted and entered by the Board on June 25, 2012 (the "Resolution"), for the primary purpose of advance refunding The Board of Education of the County of Jefferson (West Virginia) Public School Bonds, Series 2004 outstanding on the date hereof in the aggregate principal amount of \$11,750,000 all of which will be refunded (the "Series 2004 Bonds").

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

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

(2) Under the Refunding Act, the Refunding Bonds are exempt from all taxation by the State or by any political subdivision thereof.

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

(4) The Refunding Bonds are valid and legally binding general obligations of the Board and, unless paid from other sources, the principal of and interest on the Refunding Bonds are

payable from ad valorem taxes levied upon all the taxable property within the District, without limitation as to rate or amount.

(5) The Series 2004 Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Board to the owners of the Series 2004 Bonds have been satisfied and discharged. In rendering the opinion set forth in this Paragraph 5, we have relied upon the opinion provided by [Grant Thornton, LLP, Certified Public Accountants], independent certified public accountants, that, based on schedules provided to and verified as to mathematical accuracy by them, that the proceeds of the Refunding Bonds deposited in The Board of Education of the County of Jefferson Series 2004 Bonds Escrow Deposit Fund (the "Escrow Deposit Fund") established with the West Virginia Municipal Bond Commission, together with certain cash also deposited, will be sufficient to pay, when due, the principal of and interest on the Series 2004 Bonds to the date of redemption.

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

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

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

Very truly yours,

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 E

ELECTED OFFICIALS OF THE BOARD

Peter H. Dougherty, President

Peter H. Dougherty was elected as a member of the Jefferson County Board of Education from 1984-2002 and 2006-present. Mr. Dougherty has been the President of the Jefferson County Board of Education from 2006 to present. He also served as the President of the Board during the years 1986 to 2000. Mr. Dougherty holds a Bachelor of Science, Dual Major degree from Davis and Elkins College, has 30 hours of graduate credit from West Virginia University; Specialty Training from the National Judicial College, and 12 hours of graduate credit from the Federal Executive Institute in Charlottesville, Virginia. Mr. Dougherty has been employed by the Department of Veterans Affairs (VA), Washington, DC from 1998 to present. Mr. Dougherty is the Associate Executive Director, Homeless Veteran Initiatives. He was the Director Homeless Veterans Programs from November 1998-October 2010, Acting Deputy Assistant Secretary, Office of Intergovernmental Affairs from November 2007-February 2009 and December 2000-May 2001.

Gary Kable, Vice President

Gary Kable is a lifelong resident of Jefferson County. His family has been here since the late 1700's, being among the first settlers in this area, and one of our magisterial districts is named for them. Mr. Kable's education was in Jefferson County Schools and at Shepherd College. He managed a full service gas station while at Shepherd, and then moved to manage a fuel oil, motor fuels and oils distributorship. He then became Sales-Service Manager for a local paperboard manufacturer and moved from there to become a district and later a regional sales manager for a Fortune 500 conglomerate division. Mr. Kable then went into business for himself. He recently retired from that business after 31 years. His other interests include: Jaycees President in the 60s, long term active member of the Democratic Executive Committee, elected member of the Jefferson County Commission and President, presently in 3rd term as a Jefferson County School Board Member and starting 5th year as Vice President, currently member of the West Virginia School Boards Association Executive Committee serving as Vice President Elect, becoming President in 2014.

Mariland Dunn Lee, Member

Mariland Dunn Lee is a lifetime resident of Jefferson County. First elected to serve on the Jefferson County Board of Education in 2006, she was re-elected in 2010. She holds a Bachelor of Arts degree from Shepherd College with an endorsement in social studies comprehensive. Her Masters of Arts degree in communications studies is from West Virginia University. During her career in education, Mrs. Lee has served as a classroom teacher of social studies and an AP teacher of United States history and psychology, as well as vice president of faculty senate and chairperson of policy committee. She has also served as adjunct professor of psychology to Shepherd College Community College/Blue Ridge Technical College.

Mark Osbourn, Member

Mark Osbourn is a retired administrator with 38 years of service in the field of education. He spent 34 years in the Jefferson County School system. Mr. Osbourn served as the Principal of C. W. Shipley Elementary School from 1989 - 2012. He taught third and fourth grade in Jefferson County from 1978 - 1989. Mr. Osbourn also taught in Virginia and Maryland before coming back to West Virginia. He received his B.A. Degree in Elementary Education from Shepherd College in 1974 with certifications in Mathematics and Social Studies. Mr. Osbourn received his M.A. in Educational Administration from West Virginia University in 1981 with certifications in Superintendent K-12, Supervisor of General Instruction K-12, Elementary Principal K-8, Middle Junior/Senior High School Principal 4-12, and Vocational Administration 5-Adult. Mr. Osbourn has a love for children and a passion for education and lifelong learning.

A. Scott Sudduth, Member

A. Scott Sudduth is currently serving his second term as a member of the Jefferson County Board of Education. Mr. Sudduth currently serves as the Director of Federal Relations for The Texas A&M University System, representing a diverse system of eleven universities and state agencies on federal funding and policy issues impacting higher education, research and economic development. Mr. Sudduth is an attorney who has served as a senior administrator in higher education for more than 20 years, representing some of the world's premier academic institutions, including the University of California and the University of Chicago before Congress and the Executive Branch. Prior to joining higher education, Mr. Sudduth served as a senior advisor in both the U.S. Senate and the U.S. House of Representatives. He received his B.A. from the University of Texas at Austin and his J.D. from Catholic University. His family has resided in Jefferson County for eight generations and he has two children currently in the Jefferson County school system.

APPOINTED OFFICIALS OF THE BOARD

Susan K. Wall, Superintendent

Ms. Wall served as Associate Superintendent beginning in 2004, and was appointed Superintendent in July, 2007. She holds a Bachelor of Arts Degree in Secondary Education from Shepherd College, with endorsements in both Math and Science. Her Master of Arts Degree in Guidance & Counseling, as well as Certification in Education Administration are from West Virginia University. During her career in education, Ms. Wall has served as a Math Teacher, Counselor, Assistant Principal, and Principal.

Patrick W. Blanc, Assistant Superintendent, Curriculum & Instruction

Originally from Uniontown, PA., Mr. Blanc attended California University and West Virginia University, and holds Bachelor of Arts, Master of Science in Special Education, and Master of Science in School Administration degrees. After being a classroom teacher, an IEP Coordinator, and a school Principal, Mr. Blanc became the Director of Pupil Services in 2002. Mr. Blanc was appointed Assistant Superintendent in 2008.

Ralph Dinges, Assistant Superintendent of Construction, Maintenance, and Facilities

Mr. Dinges served as Coordinator of Maintenance beginning in 2006, and was appointed Assistant Superintendent in July, 2008. He holds a Bachelor of Arts Degree in Secondary Education with a K-12 Certification from Shepherd College, with endorsements in Science, Physical Education, and Driver's Education. His Masters degree in Educational Administration is from West Virginia University. During his career in education, Mr. Dinges has served as a Science Teacher, Lead Teacher, and Principal of the JHS Ninth Grade.

Beth Marrone, Treasurer

Beth Marrone received her Bachelor of Science in Accounting from Shepherd College. Upon graduation, Beth began her career with a local CPA firm as an accountant providing accounting and tax services. She then served as the Assistant Controller for a local non-profit organization. She became employed with the Jefferson County Board of Education in 2004 serving as the Assistant Treasurer and was selected as the Chief School Business Official/Treasurer in 2005. She is a member of the American Institute of Certified Public Accountants and the WV Society of Certified Public Accountants.

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Continuing Disclosure Agreement

This Continuing Disclosure Agreement (this "Agreement") dated as of August 2, 2012, is by and between the Board of Education of the County of Jefferson (the "Board") and United Bank, Inc., as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the \$11,590,000 The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on June 25, 2012, authorizing issuance of the Series 2012 Bonds (the "Resolution"). 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).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated July 19, 2012, entered into between Piper Jaffray & Co. (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2012 Bonds from the Board upon the terms set forth therein.

"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 \$11,590,000 The Board of Education of the County of Jefferson (West Virginia) Public School Refunding 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 information 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 Board³;
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

³ 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.

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

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 JEFFERSON

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 Jefferson
Name of Bond Issue: \$11,590,000 The Board of Education of the County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012
Date of Bond Issue: August 2, 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 August 2, 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

\$11,590,000

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2012

BOND PURCHASE AGREEMENT

July 19, 2012

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, WV 25414

Ladies and Gentlemen:

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

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

1. The Board of Education of the County of Jefferson, Public School Refunding Bonds, Series 2012 (the "Bonds") are being issued, along with other available funds, (i) to refund the Board's Public School Bonds, Series 2004, issued in the original principal amount of \$19,000,000 (the "Refunded Bonds"); and (ii) to pay a portion of the costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Resolution and Order of the Board adopted on June 25, 2012 (the "Resolution"). The Resolution shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Board's and Underwriter's counsel shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Board, and the Board agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of \$12,763,604.10 (\$11,590,000 minus Underwriter's Discount of \$92,950 plus an original issue premium of \$1,266,554.10). The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity and payment on such date is provided for, payable semiannually on May 1 and November 1 of each year, commencing November 1, 2012, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

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

2. Concurrently with the acceptance of this Purchase Agreement by the Board, the Board shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement dated July 12, 2012 (the "Preliminary Official Statement") and prior to delivery of the Bonds, two copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the Board by its President as requested below.

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

On July 12, 2012, the Board delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the Board which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Board shall deliver or cause to be delivered to the Underwriter, after the acceptance by the Board of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

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

The Board covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur or information comes to the attention of the Issuer as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the Board so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

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

The Preliminary Official Statement and the Official Statement may be delivered in printed and a “designated electronic format” as defined in the MSRB’s rule G-32 and as may be agreed by the Board and the Underwriter. If the Official Statements have been prepared in electronic form, the Board hereby confirms that it does not object to distribution of the Official Statement in electronic form.

4. At 10:00 a.m. prevailing time, on August 2, 2012, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the “Closing”), the Board will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), duly executed by the Board and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of Branch Banking and Trust Company, as Depository Bank (the “Depository Bank”), for the account of the West Virginia Municipal Bond Commission, as Escrow Agent, hereinafter defined. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The respective Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and

packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on July 30, 2012. The Board also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") at the time required by The Depository Trust Company.

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

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

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

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

(d) The Board shall on or before the Closing have entered into an Escrow Agreement dated as of the date of the Bonds (the "Escrow Agreement") by and among the Board and the West Virginia Municipal Bond Commission (the "Escrow Agent" or "Paying Agent"), pursuant to which an escrow fund (the "Escrow Fund") shall be created. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds to be advance refunded on May 1, 2014, and for the benefit of the holders thereof. The Escrow Fund is to be invested as described in the Escrow Agreement;

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

(f) The information contained in the Preliminary Official Statement dated July 12, 2012, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

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

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

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

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

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

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

(m) Unless otherwise described in the Official Statement or set forth below, the Board has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12;

(n) Other than described in the Official Statement, describe any failures during the previous five years to comply with any previous undertakings: None;

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

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

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

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

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

(t) Any certificate signed by the President or any of the Board's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Board to the Underwriter as to the statements made therein.

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

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

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

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

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

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

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official

Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

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

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

(vii) The marketability of the Bonds or the market price thereof, in the opinion of the underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets;

(viii) There shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's obligations; or

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

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

(1) The unqualified approving opinions, dated as of the Closing Date, of Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia, Bond Counsel, in the forms attached as Appendix C to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit B;

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

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

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

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

(6) Verification of the sufficiency of the Escrow Fund and verification of the debt service savings obtained by refunding the Series 2004 Bonds by Grant Thornton LLP, 500 US Bank Plaza N, 200 S. 6th Street, Minneapolis, MN 55402.

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

(8) Executed copies of the Undertaking described in paragraph 5(1), in form and substance satisfactory to the Underwriter and counsel to the Underwriter;

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

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

(11) Evidence of an "AA" rating from Standard & Poor's;

(12) A reliance opinion from Bond Counsel providing that the Underwriter may rely on the Bond Counsel Opinion;

(13) An executed copy of Internal Revenue Service Form 8038-G;

(14) Evidence that the Series 2004 Bonds have been defeased; including a defeasance opinion of Bond Counsel (which opinion may be contained in the Bond Counsel Opinion) and a defeasance certificate from the Escrow Agent; and

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

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

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the Board shall pay or cause to be paid from the proceeds of the Bonds, any fees and expenses incident to the performance of the Board's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and

delivery of the Bonds; (iii) the fees and disbursements of Bowles Rice McDavid Graff & Love LLP, Bond Counsel; (iv) the fees and disbursements of Bowles Rice McDavid Graff & Love LLP, Counsel for the Board; (v) rating agency fees; (vi) all advertising expenses in connection with the public offering of the Bonds; (vii) the fees and disbursements of the Registrar; (viii) the fees and expenses of Counsel to the Underwriter; (ix) the fees and expenses of the Escrow Agent and Paying Agent, if any; (x) the fees and expenses of the Verification Agent; and (xiii) all other expenses and cost (including the fees and expenses of the Board) for the authorization, issuance, sale and distribution of the Bonds.

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

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

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

To the Board:

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, WV 25414
Attention: President

To the Underwriter:

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

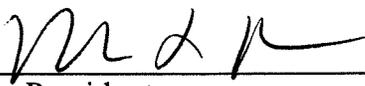
11. This Purchase Agreement is made solely for the benefit of the Board and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Board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

12. The Issuer acknowledges and agrees that: (i) the primary role of Piper Jaffray, as an underwriter, is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and Piper Jaffray and that Piper Jaffray has financial and other interests that differ from those of the Issuer (ii) Piper Jaffray is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussion, undertakings and proceedings leading thereto (irrespective of whether Piper Jaffray has provided other services or is currently providing other services to the Issuer on other matters) (iii) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter; (iv) the only obligations Piper Jaffray has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

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

14. The Purchase Agreement may be signed in counterparts.

Piper Jaffray & Co.

By: 
Its: Senior Vice President
Manager of West Virginia Public Finance

ACCEPTED at ~~2:30~~ 2:30 p.m. on this
19th Day of July, 2012.

The Board of Education of the County of Jefferson

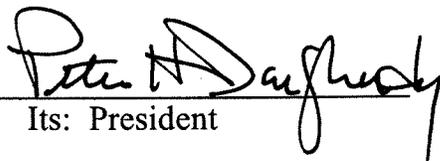
By: 
Its: President

EXHIBIT A

Series 2012 Bonds

<u>Maturity</u> <u>(May 1)</u>	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP</u>
2013	\$1,315,000	4.000%	102.629	0.470%	473664DJ6
2014	\$1,265,000	4.000%	105.791	0.660%	473664DK3
2015	\$1,330,000	4.000%	108.591	0.830%	473664DL1
2016	\$1,390,000	4.000%	111.083	0.980%	473664DM9
2017	\$1,465,000	4.000%	112.832	1.210%	473664DN7
2018	\$1,535,000	4.000%	113.892	1.470%	473664DP2
2019	\$1,605,000	4.000%	114.669	1.690%	473664DQ0
2020	\$1,685,000	4.000%	115.059	1.900%	473664DR8

EXHIBIT B

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

August 2, 2012

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, WV 25414

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The Board of Education of the County of Jefferson (West Virginia) (the "Board") of its \$11,590,000 aggregate principal amount of Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2012 Bonds (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other documents and matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings ascribed thereto in the Bond Purchase Agreement (the "Purchase Agreement") dated July 19, 2012, between the Board and Piper Jaffray & Co. (the "Underwriter").

Based upon the foregoing, we are of opinion that:

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

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

(3) The Board has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Board, and the Board has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Series 2012 Bonds.

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

(5) The Series 2012 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

EXHIBIT C

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

August 2, 2012

The Board of Education of the County of Jefferson
110 Mordington Avenue
Charles Town, WV 25414

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: \$11,590,000 The Board of Education of the County of Jefferson
(West Virginia) Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

I have served as counsel to The Board of Education of the County of Jefferson, West Virginia (the "Board") in connection with the sale of the above-referenced bonds (the "Series 2012 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of July 19, 2012 (the "Purchase Agreement"), between Piper Jaffray & Co. (the "Underwriter") and the Board. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2012 Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution of the Board, the Escrow Agreement, the Purchase Agreement, the Preliminary Official Statement dated July 12, 2012, and the Final Official Statement dated July 19, 2012, with respect to the issuance and offering of the Series 2012 Bonds (collectively, the "Official Statement") and a closing certificate of the Board. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Board is a validly existing statutory corporation charged with the supervision and control of the Jefferson County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Series 2012 Bonds. The Board is authorized by the laws of the State of West Virginia, as provided by the Refunding Act, to enter into and perform its obligations under the Resolution, the Escrow Agreement and the Purchase Agreement.

2. The Board has full power and authority to consummate all transactions contemplated by the Series 2012 Bonds, the Purchase Agreement, the Escrow Agreement and any and other agreements relating thereto, to which the Board is a party.

3. The Board has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Escrow Agreement and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Board and the issuance and delivery of the Series 2012 Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

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

5. The Resolution authorizing issuance of the Series 2012 Bonds has been duly adopted and entered at meetings of the Board which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

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

7. All actions necessary to be taken by the Board have been taken, and no additional approval, authorization, consent or other order of the Board or any public board or body is legally required to allow the Board to enter into and perform its

obligations under the Escrow Agreement and the Purchase Agreement or as described in the Official Statement.

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

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Board is a party or of which any property of the Board is subject, except as described in the Official Statement, which, if determined adversely to the Board, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2012 Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Board to comply with its obligations under the Escrow Agreement or the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Board.

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

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

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

EXHIBIT D

[LETTERHEAD OF JACKSON KELLY PLLC]

August 2, 2012

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: \$11,590,000 The Board of Education of the County of
Jefferson Public School Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Jefferson (the "Board") of its Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds") in the aggregate principal amount of \$11,590,000. In connection with rendering this opinion, we have examined the Official Statement dated July 19, 2012, the Bond Purchase Agreement dated July 19, 2012 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the Board dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

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

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

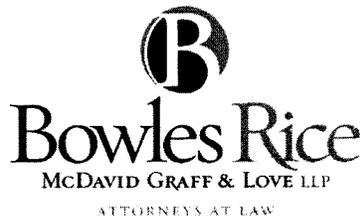
This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

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

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

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



600 Quarrier Street
Charleston, West Virginia 25301

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

www.bowlesrice.com

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

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

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

Edward D. McDevitt
Telephone — (304) 347-1711
Facsimile — (304) 343-3058

September 18, 2012

E-Mail Address:
emdevitt@bowlesrice.com

Internal Revenue Service Center
Ogden, Utah 84201

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
91 7108 2133 3938 6342 0546

Re: \$11,590,000 The Board of Education of Jefferson County,
West Virginia Public School Refunding 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 issue.

Also enclosed, please find a copy of the Form 8038-G which has been stamped "COPY" in the upper right-hand corner. It would be greatly appreciated if you would stamp the copy acknowledging the receipt of the copy of the Form 8038-G and indicate the date on which the Form 8038-G was received by your office. Please then return the 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
Enclosure

Information Return for Tax-Exempt Governmental Obligations

Department of the Treasury
Internal Revenue Service

Under Internal Revenue Code section 149(e)
See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name The Board of Education of the County of Jefferson (WV)		2 Issuer's employer identification number (EIN) 55-6000334	
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) 110 Mordington Avenue	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Charles Town, West Virginia 25414		7 Date of issue August 2, 2012	
8 Name of issue The BOE of Jefferson County (WV) Public School Refunding Bonds, Series 2012		9 CUSIP number 473664DR8	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Beth Marrone, Treasurer		10b Telephone number of officer or other employee shown on 10a 304.725.7664	

Part II Type of issue (enter the issue price). See the instructions and attach schedule.

11 Education	11	12,856,554.10
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 <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	May 1, 2020	\$ 12,856,554.10	\$ 11,590,000.00	4.5450 years	1.4418%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	.00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	12,856,554.10
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	177,403.46
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	12,679,150.64
29 Total (add lines 24 through 28)	29	12,856,554.10
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0.00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

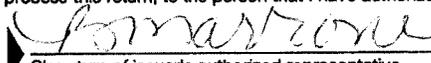
31 Enter the remaining weighted average maturity of the bonds to be currently refunded		years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	4.4911	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	05/01/2014	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	12/01/2004	

For Paperwork Reduction Act Notice, see separate instructions.



Part VI Miscellaneous

- | | | |
|--|------------|-------------------------------------|
| 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) | 35 | N/A |
| 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) | 36a | N/A |
| 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 | N/A |
| 38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> 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 | | <input type="checkbox"/> |
| 40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box | | <input type="checkbox"/> |
| 41a If the issuer has identified a hedge, check here <input type="checkbox"/> 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 | | <input type="checkbox"/> |
| 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 | | <input checked="" type="checkbox"/> |
| 44 If the issuer has established written procedures to monitor the requirements of section 148, check box | | <input checked="" type="checkbox"/> |
| 45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> 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.				
	 Signature of issuer's authorized representative	08/02/2012 Date	Beth Marrone, Treasurer Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Camden P. Siegrist		08/02/2012	<input type="checkbox"/>	P01387359
	Firm's name ▶ Bowles Rice McDavid Graff & Love LLP			Firm's EIN ▶ 55-0394186	
Firm's address ▶ 600 Quarrier Street, Charleston, WV 25301			Phone no. 304.347.1129		

English

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Ship a Package

Send Mail

Manage Your Mail

Shop

Business Solutions

Track & Confirm

GET EMAIL UPDATES

PRINT DETAILS

YOUR LABEL NUMBER	SERVICE	STATUS OF YOUR ITEM	DATE & TIME	LOCATION	FEATURES
9171082133393863420546	First-Class Mail®	Delivered	September 22, 2012, 5:40 pm	OGDEN, UT 84201	Return Receipt Electronic
		Depart USPS Sort Facility	September 22, 2012	SALT LAKE CITY, UT 84199	
		Processed through USPS Sort Facility	September 21, 2012, 4:29 am	SALT LAKE CITY, UT 84199	
		Arrival at Unit	September 21, 2012, 4:29 am	SALT LAKE CITY, UT 84199	

Check on Another Item

What's your label (or receipt) number?



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- Privacy Policy ›
- Terms of Use ›
- FOIA ›
- No FEAR Act EEO Data ›

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- Inspector General ›
- Postal Explorer ›

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Continuing Disclosure Agreement

This Continuing Disclosure Agreement (this "Agreement") dated as of August 2, 2012, is by and between the Board of Education of the County of Jefferson (the "Board") and United Bank, Inc., as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the \$11,590,000 The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on June 25, 2012, authorizing issuance of the Series 2012 Bonds (the "Resolution"). 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).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated July 19, 2012, entered into between Piper Jaffray & Co. (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2012 Bonds from the Board upon the terms set forth therein.

"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 is 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 \$11,590,000 The Board of Education of the County of Jefferson (West Virginia) Public School Refunding 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 information 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 Board¹;
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

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.

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. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

{C2377489.1}

To the Board: The Board of Education of the County of Jefferson
110 Mordington, Ave.
Charles Town, WV 25414

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.

EXHIBIT A

**NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the County of Jefferson
Name of Bond Issue: \$11,590,000 The Board of Education of the County of Jefferson (West Virginia) Public School Refunding Bonds, Series 2012
Date of Bond Issue: August 2, 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 August 2, 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



Blanket Issuer Letter of Representations

[To be Completed by Issuer]

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

[Name of Issuer]

June 28, 2000

[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

(Issuer)

By: David W. Markoe
(Authorized Officer's Signature)

David W. Markoe - Superintendent
(Typewrite Name & Title)

110 Mordington Avenue
(Street Address)

Charles Town, WV 25414
(City) (State) (Zip)

(304)728-9225
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Debra Russo



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**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). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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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.

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

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [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 the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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

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\$11,590,000
THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2012

REGISTRAR'S AGREEMENT

THIS AGREEMENT, dated as of August 2, 2012, by and between THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON (West Virginia), a public corporation of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a West Virginia banking corporation (the "Bank"), as Registrar under a Resolution and Order of the Issuer adopted June 25, 2012, as supplemented and amended (the "Resolution").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$11,590,000 aggregate principal amount of Public Refunding School Bonds, Series 2012, in fully registered form (the "Bonds"), pursuant to the Resolution;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Agreement does appoint the Bank to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agree to perform all of the powers and duties of Registrar as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards:
2. The Bank agrees to distribute redemption notices at the times, in the manner, and otherwise in accordance with the provisions of the Bonds and the Resolution.
3. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

4. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

5. As compensation for acting as Registrar pursuant to this Agreement and the Resolution, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Resolution, the terms of the Resolution shall govern.

7. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreements to which it is a party or by which it is bound.

8. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

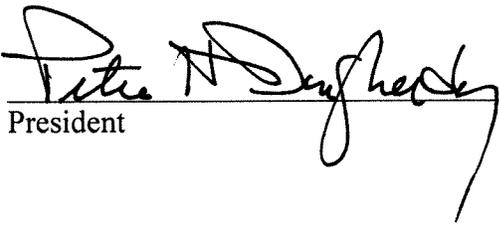
ISSUER: The Board of Education of the
County of Jefferson
110 Mordington Avenue
Charles Town, West Virginia 25414
Attention: President

BANK: United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust

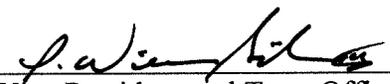
9. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON and UNITED BANK, INC. have caused this Agreement to be signed in their respective names and on their behalf, all as of this day and year first above-written.

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON

By: 
Its: President

UNITED BANK, INC.

By: 
Its:  Vice President and Trust Officer

ISSUE: The Board of Education of the County of Jefferson, Public School Refunding Bonds, Series 2012

ADDRESS: 110 Mordington Avenue, Charles Town, WV 25414

COUNTY: Jefferson

PURPOSE OF ISSUE: New Money _____
Refunding X

Refunds issue(s) dated: 12/26/2004

ISSUE DATE: August 2, 2012

CLOSING DATE: 8/2/2012

ISSUE AMOUNT: \$11,590,000 (PAR)

RATE: 1.617113 (TIC)

1st DEBT SERVICE DUE: November 1, 2012

1st PRINCIPAL DUE: 5/1/2013

1st DEBT SERVICE AMOUNT: \$114,612.22

PAYING AGENT: MBC

BOND COUNSEL: Bowles Rice McDavid Graft & Love LLF UNDERWRITERS COUNSEL: Jackson & Kelly PLLC

Contact Person: Edd McDevitt

Contact Person: Samme Gee

Phone: 304.347.1711

Phone: 304.340.1000

CLOSING BANK: BB&T

ESCROW TRUSTEE: MBS

Contact Person: Becky Levorson

Contact Person: _____

Phone: 304.876.9015

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: Piper Jaffray & Co.

Contact Person: Beth Marrone

Contact Person: Marie L. Prezioso

Position: Treasurer

Position: Sr. VP/Mgr. WV Public Finance

Phone: 304.725.7664

Phone: 304.545.9691 (cell)

Email: bmarrone@access.k12.wv.us

304.343.7102

DEPOSITS TO MBC AT CLOSE: \$12,679,150.64

Accrued Interest: \$

By X Wire

Capitalized Interest: \$

_____ Check

Reserve Account: \$

_____ In-house Transfer

X

Other: *Escrow \$ 12,679,150.64

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By X Wire

To Escrow Trustee: \$ 12,679,150.64*

_____ Check

To Issuer: \$

_____ IGT

To Cons.Invest Fund \$

To Other: \$

NOTES: *\$12,679,150.00 SLGS and \$0.64 in cash.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

**AUTHORIZATION TO SUBSCRIBE FOR THE PURCHASE OF
UNITED STATES TREASURY TIME DEPOSIT SECURITIES
- STATE AND LOCAL GOVERNMENT SERIES**

July 19, 2012

Via Facsimile (304) 551-0228

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, West Virginia 25301
Attn: Marie L. Prezioso

Re: Subscription for Purchase of United States Treasury Time Deposit Securities - State and Local Government Series

Issuer¹: The Board of Education of the County of Jefferson (West Virginia)

Issuer's Tax I.D. No²: 55-6000334

Bonds: Public School Refunding Bonds, Series 2012

Underwriter: Piper Jaffray & Co.

Escrow Agent: West Virginia Municipal Bond Commission

Bond Counsel: Bowles Rice McDavid Graff & Love LLP

Ladies and Gentlemen:

In connection with the issuance of the Bonds, the Issuer authorizes Piper Jaffray & Co. to submit an initial subscription on its behalf for the purchase of United States Treasury Time Deposit Securities - State and Local Government Series (the "SLGS"), to be issued as entries on the books of the Bureau of the Public Debt, Department of the Treasury. We understand that the total amount of the subscription and the issue date will be determined by the Underwriter after consultation with the Issuer.

The Issuer agrees that the final subscription and payment for the SLGS will be submitted to the U.S. Treasury Department on or before the issue date of the SLGS. The Issuer further authorizes Escrow Agent and Underwriter to file the final subscriptions for SLGS, and to amend such subscriptions as

¹ The term "Issuer" as used in this letter means either (a) in a traditional municipal bond issue, the actual issuer of the bonds, or (b) in a conduit financing, the conduit borrower of bond proceeds.

² The Tax I.D. Number should be that of the entity signing this authorization.



BUREAU OF THE PUBLIC DEBT
PARKERSBURG, WV 26106-0396

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	201204782
Program Type:	Time Deposit
Issue Amount:	\$12,679,150.00
Issue Date:	08/02/2012
Owner Name:	The Board of Education of the County of Jefferson (West Virginia)
TIN:	55-6000334
Rate Table Date:	07/19/2012
Status:	Complete
Confirmation Date:	07/19/2012
Confirmation Time:	01:18 PM EDT



Issue Information

Treasury Case Number 201204782
Status Complete
Issue Date 08/02/2012
Issue Amount \$12,679,150.00
Rate Table Date 07/19/2012

Owner

Taxpayer Identification Number 55-6000334
Underlying Bond Issue Public School Refunding Bonds, Series 2012
Owner Name The Board of Education of the County of Jefferson (West Virginia)
Address Line 1 110 Mordington Avenue
Line 2
Line 3
City Charles Town
State WV
Zip Code 25414
Contact Name Beth Marrone
Telephone 304-725-7664
Fax 304-724-5311
E-mail bmarrone@access.k12.wv.us

Trustee

ABA Routing Number 011001234
Bank Reference Number
Bank Name West Virginia Municipal Bond Commission
Address Line 1 1207 Quarrier St.
Line 2 Suite 401
Line 3
City Charleston
State WV
Zip Code 25301
Contact Name Sara Boardman
Telephone 304-558-3971
Fax 304-558-1280
E-mail sara.l.boardman@wv.gov

Funds for Purchase

ABA Routing Number 011001234
Bank Name West Virginia Municipal Bond Commission
Contact Name Sara Boardman
Telephone 304-558-3971
Fax 304-558-1280
E-mail sara.l.boardman@wv.gov



ACH Institutions & Instructions

ABA Routing Number 011001234
Bank Name West Virginia Municipal
 Bond Commission
Address Line 1 1207 Quarrier St.
Line 2 Suite 401
Line 3
City Charleston
State WV
Zip Code 25301
Contact Name Sara Boardman
Telephone 304-558-3971
Fax 304-558-1280
E-mail sara.l.boardman@wv.gov

ABA Routing Number 011001234
Account Name WVBTI -
 WVBF0015002
Account Number 048771
Account Type Checking

Subscriber

ABA/TIN 41-0953246
Organization Name Piper Jaffray & Co.
Address Line 1 8235 Forsyth Blvd Suite 600
Line 2
Line 3
City Clayton
State MO
Zip Code 63105
Contact Name Curtis Gilliam
Telephone 800-754-2089
Fax 314-727-2622
E-mail curtis.m.gilliam@pjc.com

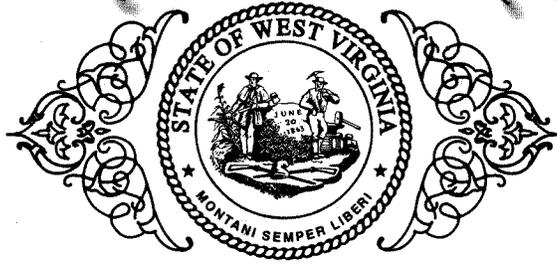
Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	\$224,912.00	0.080000000	11/01/2012		
2	C of I	\$1,458,552.00	0.130000000	05/01/2013		
3	Note	\$196,714.00	0.160000000	11/01/2013	11/01/2012	
4	Note	\$10,798,972.00	0.180000000	05/01/2014	11/01/2012	

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 2 OF THE WEST
VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the
Great Seal of the State of
West Virginia on
July 31, 2012*

Natalie E. Tennant
Secretary of State

ARTICLE 2

REFUNDING BONDS

Section

- 13-2-1. What political divisions may issue refunding bonds; when issued.
- 13-2-2. Terms of refunding bonds; time, place and amount of payments.
- 13-2-3. Certain provisions of article one to apply to refunding bonds.
- 13-2-4. Disposition of bonds; cancellation of original bonds.
- 13-2-5. Article sufficient authority for issuing refunding bonds.
- 13-2-6. Issuance without election or notice.
- 13-2-7. Invalidity of part of article not to affect other parts.
- 13-2-8. Bonds exempt from taxation.
- 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent.

§ 13-2-1. What political divisions may issue refunding bonds; when issued

Any county, by and through its county commission, either for and on behalf of the county or for and on behalf of any magisterial district or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may, in the manner and subject to the limitations and conditions contained in this article, issue and sell its bonds for the purpose of refunding the bonds of such political division which have become or are becoming due and payable and for the discharge of which there are or will be when the bonds mature no funds or insufficient funds available; or when, in the opinion of the governing body of the political division obligated to the payment of such bonds, the rate of levy necessary to provide funds for their discharge will impose excessive taxes upon the taxpayers of such political division; or for the purpose of providing for the payment of outstanding bonds in advance of the maturity or redemption thereof through the making of a deposit as provided in section four of this article; or for the purpose of rendering outstanding bonds not due when such outstanding bonds are to be presented for payment before maturity by the exercise of option provisions or by agreement with the holders thereof. Such refunding bonds may be issued bearing the same or a higher or lesser rate of interest than the bonds to be refunded. Except to the extent that additional taxes for such purpose have been approved by the voters and the levy of such additional taxes provided for in the manner stipulated in sections seven through fourteen of article one of this chapter, no such refunding bonds shall be issued bearing a higher rate of interest than the bonds being refunded or shall be issued in a principal amount exceeding the principal amount of the bonds to be refunded unless the amount of debt service payable on such refunding bonds in each year is equal to or less than the amount of taxes expected to be available therefor as shall be certified by the chairman of the West Virginia municipal bond commission prior to the issuance of such refunding bonds. The amount of taxes expected to be available in each year for purposes of this section shall be based upon the rates

of levy stipulated in the order directing the election at which the issuance of the bonds being refunded was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election. In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt service requirements of bonds which have not been issued.

Acts 1925, c. 46, § 1; Acts 1984, c. 25.

Library References

Key Numbers

Counties ⇨175.
 Municipal Corporations ⇨913.
 Schools ⇨97(2).
 Westlaw Key Number Searches: 104k175;
 268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
 C.J.S. Municipal Corporations §§ 1651, 1653.
 C.J.S. Schools and School Districts § 524.

Notes of Decisions

- In general** 2
- Bonds increasing total indebtedness** 4
- Construction and application** 1
- Interest rate** 6
- Mandamus** 7
- Nature and effect of refunding bonds** 3
- Winkler decision** 5

1. Construction and application

Refunding Bond Act is designed to provide some flexibility as to issuance of refunding bonds with regard to interest, maturity schedules, and sales at discount, as long as the refunding bond plan does not exceed basic constraints of original bonds approved by the voters. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

2. In general

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy

authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

3. Nature and effect of refunding bonds

Refunding bonds generally do not constitute new indebtedness, because they provide method of refinancing earlier bond issue at lower interest rate. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. Municipal Corporations ⇨ 913

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(1)

County court's issuance of refunding bonds to retire existing road bonds of magisterial district does not create "new indebtedness," and levies to provide debt service for refunding bonds may be laid as if they were original bonds. Code 1931, 13-2-1 et seq. Keeney v. Kanawha County Court, 1934, 175 S.E. 60, 115 W.Va. 243. Counties ⇨ 192

4. Bonds increasing total indebtedness

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including that amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

5. Winkler decision

State School Building Authority was authorized to issue refunding bonds with respect to those bonds forming that part of bond issue deemed unconstitutional in Winkler v. State School Building Authority issued prior to date of such opinion; bonds issued prior to date of opinion were not invalid under principle of retroactivity, and refunding of such bonds to replace them at lower interest rate did not create new debt. Const. Art. 10, § 4. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

School building capital improvements fund was available to fund bonds issued for purpose of refunding bonds issued by state School Building Authority (SBA) prior to promulgation of state Supreme Court's decision in Winkler v. State School Building Authority; previously granted authority to issue refunding bonds would have no practical effect absent source of funds from which to repay such bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 152

State School Building Authority (SBA) was not permitted to issue bonds alleged to be refunding bonds for redemption of obligations created before Winkler v. State School Building Authority, which had practical effect of generating cash at closing in order to make immediate-

ly available to SBA anticipated debt service savings from so-called refunding bonds; rather, SBA's authority to issue refunding bonds to redeem pre-Winkler obligations was specifically limited to encompass only those bonds, proceeds of which SBA would use to discharge its preexisting obligations. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

6. Interest rate

State School Building Authority (SBA) was permitted to refund bonds other than those specifically designated for refunding in Winkler v. State School Building Authority, to receive greatest benefit from lower interest rates applicable to refunding bonds; bonds and their interest rates were affected by changing economic circumstances beyond control of SBA, and denial of authority to refund pre-Winkler bonds different from those specified in such decision would render SBA unable to realize the value of redeeming earlier bonds at lower interest rates and effectively abrogate SBA's capacity to refund any of its pre-Winkler bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇨ 148

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

7. Mandamus

In a mandamus proceeding to compel a county court, which has issued, sold, and delivered to purchasers refunding bonds under the provisions of chapter 46, Acts 1925, to cancel all its refunding orders, recall the bonds and cancel them, on the ground that they are invalid as having been issued under an unconstitutional act, and as creating a debt without the sanction of the voters as provided by the Constitution, this court will not consider and pass upon the constitutionality of the statute nor upon the validity of the bonds, unless the bondholders are made parties or have their day in court. State ex rel. Hall, v. County Court of Mercer County, 1925, 129 S.E. 712, 100 W.Va. 11. Mandamus ⇨ 151(1)

§ 13-2-2. Terms of refunding bonds; time, place and amount of payments

Upon determining to issue such refunding bonds, the governing body of such political division shall, by resolution, authorize the issuance of such bonds in an

amount not exceeding the principal amount permitted by section one of this article, fix the date thereof, the rate or rates of interest which such bonds shall bear, payable semiannually, and require that the bonds shall bear, payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate. Such resolution shall also provide that such bonds shall mature serially in annual installments beginning not more than three years after the date thereof, and the last of such annual installments shall mature in not exceeding thirty-four years from the date of such bonds. The amount payable in each year on the refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when the amount of interest is added to the principal amount to be paid during the respective years, the total amount payable in each year shall be as nearly equal as practicable; or such bonds may be made payable in annual installments as nearly equal in principal as may be practicable.

All or a portion of the refunding bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and prices and on such terms as shall be designated in the resolution required by this section. The body issuing the refunding bonds may not levy taxes in connection with the redemption of any refunding bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such refunding bonds in such year.

Acts 1925, c. 46, § 2; Acts 1984, c. 25; Acts 1994, c. 13; Acts 1998, c. 320, eff. March 14, 1998.

Library References

Key Numbers

Counties ⇨183(2).
 Municipal Corporations ⇨922.
 Schools ⇨97(6).
 Westlaw Key Number Searches: 104k183(2);
 268k922; 345k97(6).

Encyclopedias

C.J.S. Counties § 222.
 C.J.S. Schools and School Districts § 551.

Notes of Decisions

Conformance with terms of initial bond issuance 4
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Nature and effect of refunding bonds 1
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Sale at discount 8
Term of bonds 7

10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(1)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including that amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

1. Nature and effect of refunding bonds

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art.

2. Partial issuance of original bonds

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when

added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(3)

3. Partial refunding

Section of Refunding Bond Act providing that in event only a portion of bonds provided for, in order directing election at which issuance of bonds being refunded was approved, are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available, is applicable to those situations where the refunding bond plan leaves a debt service which, when combined with any original bonds that will not be refunded, is below the levy originally authorized by the voters, and thus, did not apply to school board's refunding plan, which was constructed to utilize all annual tax revenues during maturity schedule of the bonds. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 103(1)

4. Conformance with terms of initial bond issuance

Fact that school board's bond refunding plan was premised upon maintaining level debt service rather than level principal payments, which was basis for original bonds, was not objectionable, where there was no increase in tax levy rate contemplated. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(9)

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(9)

Reduction in debt service for first and last years of school board's bond refunding plan were not consequential enough to constitute a violation of the "nearly equal as practicable" language in section of the Refunding Bond Act providing that amount payable in each year on refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when amount of interest is added to principal amount to be paid during respective years, total amount payable in each year shall be as nearly equal as practicable, where present refunding bond plan was within limits of the original voter mandate. Code, 13-2-2. Board

of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(9)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(4)

As long as school board's refunding bond plan fell within total obligation authorized by voters pursuant to approval of original bond issue, it does not require voter approval or impinge upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(4)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(9)

5. Maturity date

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(3)

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(7)

6. Interest rates

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock

§ 13-2-2

Note 6

County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

7. Term of bonds

Refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue. Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

8. Sale at discount

Discount sale of a refunding bond is not prohibited under the Refunding Bond Act. Code,

PUBLIC BONDED INDEBTEDNESS

13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

9. Mandamus

Once it is determined that a bond issue authorized by a governmental agency is lawful, mandamus will lie to compel secretary of the agency or other ministerial official responsible for executing the necessary documents to execute such documents. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Mandamus ⇨ 103

§ 13-2-3. Certain provisions of article one to apply to refunding bonds

All the provisions of sections seventeen, eighteen, nineteen and twenty of article one of this chapter, relating to bonds issued for original indebtedness, shall apply to the same extent and with equal force and effect to refunding bonds issued under the provisions of this article.

Library References

Key Numbers

Counties ⇨ 175.
Municipal Corporations ⇨ 913.
Schools ⇨ 97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

Notes of Decisions

In general 1 Registration of bonds 2

1. In general

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

2. Registration of bonds

Statutes authorizing a bond-issuing authority to have bonds payable at the office of the State Treasurer and at such other places that the bond-issuing authority may designate provides sufficient authority to permit bonds to be registered at place of payment. Code, 13-1-14, 13-2-2; 26 U.S.C.A. § 103(j). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113

"Registration of a bond" means that it is payable to a designated person rather than payable generally to the bearer. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113

§ 13-2-4. Disposition of bonds; cancellation of original bonds

The governing body of the political body of the political subdivision issuing bonds under this article may sell the same or any part thereof and collect the proceeds, or such bonds may be delivered to the holder or holders of the bonds to be refunded in exchange therefor.

It is the intention of this article to authorize political divisions to issue bonds for the purpose of refunding outstanding bonds without thereby contracting any additional indebtedness, and it shall be conditional upon the delivery of any refunding bonds that the bonds to be refunded be canceled and paid simulta-

neously with the issuance and delivery of such refunding bonds: Provided, That such refunding bonds shall be issued in an amount sufficient to effect the refunding and may include an amount sufficient to pay (1) the principal amount outstanding of the bonds to be refunded, (2) interest accrued or to accrue to the date of maturity or the date of redemption of the bonds to be refunded (which need not necessarily be on the first available redemption date), (3) any redemption premiums to be paid thereon, (4) any reasonable expenses incurred in connection with such refunding and (5) any other reasonable costs deemed appropriate by the state, including without limitation, the expenses of preparing and delivering the refunding bonds, legal fees, financial advisor fees, consultant fees, and other expenses incurred in connection with the issuance, sale and delivery of the refunding bonds.

For all purposes of this section, bonds shall be considered to have been canceled and paid in advance of their due date or date of redemption if there shall have been deposited with the West Virginia municipal bond commission either:

(a) Moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds; or

(b) Direct obligations of the United State of America or the state of West Virginia, or obligations fully and irrevocably secured as to the payment of both principal and interest by such direct obligations, the payment on which when due will provide moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds.

All such amounts shall be set aside and held in trust and irrevocably dedicated solely to the payment of such bonds, except that amount in excess of the amounts required for the payment of the bonds so refunded may be applied to the payment of costs related to the issuance, carrying, insuring or servicing the refunding bonds, including costs of credit or market enhancement services, such as letters of credit, remarketing arrangements and similar services. Any amount deposited pursuant to this section may include amounts already held on deposit by the West Virginia municipal bond commission for the payment of the bonds to be refunded.

Acts 1925, c. 46, § 7; Acts 1937, c. 118; Acts 1984, c. 25; Acts 1994, c. 13.

Library References

Key Numbers

Counties ☞175.
Municipal Corporations ☞913.
Schools ☞97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

Notes of Decisions

Unissued original bonds 1
Use of excess funds 2

1. Unissued original bonds

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(3)

Where a bond-issuing authority has been unable to market all of its original bond issue and is unable to complete the project financed by the bond issue, it may utilize for the project any unencumbered funds in its account with the Bond Commission as a part of a refunding bond plan to complete the original project. Code, 13-3-9(c). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 92(1)

2. Use of excess funds

Statute authorizing transfer of funds remaining from liquidation of school bonds to school current fund does not preclude use of excess money from an escrow fund established with the Bond Commission and derived from sale of refunding bonds under the Bond Refunding Act, as long as the board complies with subsection of the Act enabling bond-issuing authority to withdraw excess funds held by the Bond Commission that are not needed to liquidate original

bond issue; such funds can be spent on school improvements when they are made a part of a refunding bond plan for school improvements, and it is only when last bond has been retired that any excess funds then remaining are turned back to the school board to the credit of its school current fund. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

Section of Bond Refunding Act providing that money received from sale of refunding bonds shall be set aside and held in trust and irrevocably dedicated solely to payment of such bonds, except that excess of amounts required for payment of bonds so refunded may be applied to payment of costs, was intended to enable school board to spend any excess money on expenses directly resulting from issuance of the refunding bonds, but does not foreclose the school board from utilizing any excess money for real purpose of the project for which bonds were issued, which was for school building improvements. Code, 13-2-4. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(5)

§ 13-2-5. Article sufficient authority for issuing refunding bonds

This article shall, without reference to any other act of the legislature, be full authority for the issuance, sale and exchange of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bonds hereunder shall be necessary except such as are required by this article. No publication of any notice, order, ordinance or proceeding relating to the issuance of such bonds shall be necessary.

Acts 1925, c. 46, § 8.

Library References

Key Numbers

Counties ⇌ 175.
Municipal Corporations ⇌ 913.
Schools ⇌ 97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

§ 13-2-6. Issuance without election or notice

The issuance and sale of exchange bonds in this article authorized may be had without an election or publication of any notice.

Acts 1925, c. 46, § 9; Acts 1937, c. 118.

Library References**Key Numbers**

Counties ⇨178.
Municipal Corporations ⇨918.
Schools ⇨97(4).
Westlaw Key Number Searches: 104k178;
268k918; 345k97(4).

Encyclopedias

C.J.S. Counties § 221.
C.J.S. Municipal Corporations §§ 1664, 1672.
C.J.S. Schools and School Districts §§ 532 to
545.

Notes of Decisions**In general 1****1. In general**

As long as school board's refunding bond plan fell within total obligation authorized by voters

pursuant to approval of original bond issue, it does not require voter approval or impinge upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

§ 13-2-7. Invalidity of part of article not to affect other parts

If any clause, sentence, paragraph or part of this article shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of the article, but shall be confined in its application to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment has been rendered.

Acts 1925, c. 46, § 10.

§ 13-2-8. Bonds exempt from taxation

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder shall be exempt from all taxation by the State or by any political subdivision thereof.

Cross References

Bond issues for original indebtedness, bonds exempt from taxation, see § 13-1-33.

Library References**Key Numbers**

Taxation ⇨218.
Westlaw Key Number Search: 371k218.

Encyclopedias

C.J.S. Taxation § 260.

§ 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent

County courts and boards of education may, upon the application of the owner or holder or holders, by an order entered of record, fund any indebtedness represented by orders, drafts, or warrants by taking up one or more of such orders, drafts, or warrants issued on the same fund, and issue in lieu thereof new orders, drafts or warrants to the person or persons entitled to

JEFFERSON COUNTY BOARD OF EDUCATION
BOND ELECTION ORDER

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON DIRECTING THAT AN ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF JEFFERSON COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN NINETEEN MILLION DOLLARS (\$19,000,000) FOR SCHOOL CONSTRUCTION, RENOVATION AND IMPROVEMENTS IN JEFFERSON COUNTY SCHOOL DISTRICT

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

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

1. Insufficient, obsolete and inefficient school buildings and related facilities in Jefferson County School District (the "District") in the State of West Virginia (the "State") which generally result in insufficient and ineffective space, excessive maintenance costs and lack of efficiency are conditions which now exist and are adversely affecting proper and adequate education of students in the District to prepare them for gainful employment or further education, and those conditions, together with due regard for proper health and safety standards, make it necessary that the Board acquire, construct, erect, furnish and equip a new high school and improve, renovate and repair an existing high school and other facilities, all as shown below; and such conditions and requirements have been found and are hereby

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

2. Funds should be obtained for the purposes mentioned above and described below and it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, equipping and furnishing of a new high school (the site for which has previously been transferred to the District, subject to the District's commencing construction of school facilities on such site on or prior to December 2, 2008), renovation and repair of an existing high school, and other facilities, together with furnishings, fixtures, equipment and all necessary appurtenances (collectively, the "Project"), to pay interest during the period of construction of the Project and for up to six months thereafter, to pay architectural, engineering and inspection costs and to pay costs of issuance of the Bonds, all as more fully hereinafter described. Investigation and studies by this Board show that at least the sum of \$44,000,000 should be spent for such purposes, \$19,000,000 of which would be provided from proceeds of the hereinafter-described Bonds, \$19,000,000 of which would be provided from a grant from the School Building Authority of West Virginia, heretofore approved and expected to be received during the 2004-2005 Fiscal Year of the Board and \$6,000,000 of which would be provided from a grant by the West Virginia Economic Development Authority, heretofore approved and expected to be received during the 2004-2005 Fiscal Year

of the Board, all to the end of providing adequate, safe, efficient and convenient school facilities in the District to meet and improve the educational needs and opportunities of the students in the District.

3. The valuation of the taxable property in the District, as shown by the last assessment thereof for state and county taxation purposes, is **\$1,693,525,444**, and the valuation of each class of property within the District is as follows:

Class I	\$ 8,376,000
Class II	994,906,600
Class III	532,654,689
Class IV	<u>157,588,155</u>
TOTAL	<u>\$1,693,525,444</u>

4. There is bonded indebtedness for school purposes in the District in the outstanding amount of **\$8,885,000**. The unbonded indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate principal amount of **\$19,000,000**, together with the existing bonded indebtedness of **\$8,885,000**, being less than 5% of the value of such taxable property as ascertained by the last assessment thereof for State and county taxes, may be issued for the purposes herein provided without exceeding any constitutional or statutory limitation.

5. Bonds in the principal amount of \$5,000 each, or integral multiples thereof, aggregating not more than **\$19,000,000**, shall be issued and sold, in whole, or from time to time in part, as the Board may in its discretion, deem proper, advisable and in the best interests of the inhabitants of the District, the proceeds of which sale shall be used for the

Project, provided however, that the Board, in its discretion, may allocate and expend for any one or more of the facilities constituting the Project, any sum remaining unused upon completion of any other of such facilities, whether any such sum remains unused upon completion by reason of lower than estimated costs for such project or projects or a grant-in-aid upon the cost of any such project or projects received by the Board from the State or Federal Government, or any State or Federal Governmental agency, or from any other source, and provided further, that if any part of the bond proceeds should not be needed for completion of the Project, such unneeded part shall be deposited with the West Virginia Municipal Bond Commission to be used solely for the purchase or redemption of any Bonds of this issue outstanding or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified, provided that the Board shall have the authority to pay matured interest and the principal amount of any matured Bonds from Bond proceeds until levy money is available to pay the same and thereafter, the bond proceeds expended for this purpose may be reimbursed from levy moneys collected.

6. The Bonds shall bear interest at a rate or rates not exceeding $7\frac{1}{2}\%$ per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which may 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 16 years from the date thereof.

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

(A) The question of incurring said debt and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of Jefferson County School District at the primary election to be held in the District on **Tuesday, May 11, 2004.**

(B) The registration of voters and the use of the registration books shall be governed by the permanent registration laws of the State of West Virginia and the Board hereby adopts the registration lists of the County of Jefferson as the official registration lists of the District for such school bond election.

(C) The purposes or projects for which the proceeds of sale of the Bonds (\$19,000,000), if authorized by the voters, the grant from the School Building Authority of West Virginia (\$19,000,000), and the grant from the West Virginia Economic Development Authority ("EDA") are to be expended are as follows:

		<u>ESTIMATED COST</u>		
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>	<u>EDA GRANT</u>
1. Acquisition, construction and equipping of new high school to house approximately 1,200 students.	In Huntfield Development near existing Page Jackson Elementary School	\$14,000,000	\$12,000,000	\$6,000,000
2. Renovation and improvement of Jefferson High School	Existing Jefferson High School	\$ 5,000,000	\$ 7,000,000	\$ -0-
TOTALS		<u>\$19,000,000</u>	<u>\$19,000,000</u>	<u>\$6,000,000</u>

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	\$19,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANT	\$19,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM EDA GRANT	\$ 6,000,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	<u>\$44,000,000</u>

The above amounts include costs of demolition as needed, construction, erection, furnishing and equipping of the Project, architectural and engineering fees and costs, interest on the Bonds during construction of the Project and for a period of up to six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out the Project. The Board may, in its discretion, allocate to and expend for any one or more of the above projects, any sum remaining unused upon completion of any other project or projects, whether any such sum remains unused upon such completion by reason of lower than estimated costs for such project or projects or a grant-in-aid upon the cost of any such project or projects received by the Board from the State or Federal Government, or any State or Federal Governmental agency, or from any other source.

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

assessment of such property for state and county purposes, will be required at the approximate rates as follows:

Upon Class I property, approximately **4.98** cents

Upon Class II property, approximately **9.96** cents

Upon Class III property, approximately **19.92** cents

Upon Class IV property, approximately **19.92** cents

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

(G) If the debt and the Bond issue shall be approved by the voters, the Bonds, together with all existing bonded indebtedness, including any other bonds heretofore issued and payable from taxes levied outside the limitations fixed by Section 1, Article X of said Constitution, will not exceed in the aggregate 5% of the valuation of the taxable property in the District ascertained in accordance with Sections 8 and 10, Article X of said Constitution, and such Bonds and the interest thereon will be payable from a direct annual tax levied and

collected each year, on all taxable property in the District, sufficient to pay the principal and interest maturing and becoming due on such Bonds in each year together with any deficiencies for prior years, within, and not exceeding 34 years, which tax levies will be laid separate and apart from, and in addition to, the maximum rates provided for tax levies for school districts on the several classes of property in Section 1, Article X of said Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax will be levied outside the limits fixed by Section 1, Article X of said Constitution.

(H) If the debt and Bond issue submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment," and Section 10, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1951, amending and re-enacting Sections 3 and 4, Article 1, Chapter 13 of the Code of West Virginia, 1931, the levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies; said levies herein provided shall be levied and allocated each year for the purpose of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the District, and the Board does further find that after laying and allocating said special levies for payment of the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

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

MO270810.3

OFFICIAL BALLOT
 BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON
 SCHOOL BOND ELECTION
 TUESDAY, MAY 11, 2004

Shall the Board of Education of the County of Jefferson incur debt and issue Bonds in the amount of not more than **\$19,000,000**, maturities on such Bonds to run not more than **16 years** from the date of such Bonds, with interest not exceeding the rate of **7 1/2% per annum**, payable semi-annually, for the purpose of making the following improvements in Jefferson County School District to provide adequate, safe, efficient and convenient educational facilities for the School District, and levy taxes sufficient to pay the interest on and the principal of such Bonds?

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>		
		<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>	<u>EDA GRANT</u>
1. Acquisition, construction and equipping of new high school to house approximately 1,200 students.	In Huntfield Development near existing Page Jackson Elementary School	\$14,000,000	\$12,000,000	\$6,000,000
2. Renovation and improvement of Jefferson High School	Existing Jefferson High School	\$ 5,000,000	\$ 7,000,000	\$ -0-
TOTALS		<u>\$19,000,000</u>	<u>\$19,000,000</u>	<u>\$6,000,000</u>

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	\$19,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANT	\$19,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM EDA GRANT	\$ 6,000,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	<u>\$44,000,000</u>

The above amounts include costs of demolition as needed, construction, erection, furnishing and equipping of such projects, architectural and engineering fees and costs, interest on the Bonds during construction of the Projects and for a period of up to six months thereafter, expenses of issuance and sale of the Bonds, including bond insurance and rating agency fees, if appropriate, and such other costs as may be necessary for properly carrying out the foregoing projects. The Board may, in its discretion, allocate to and expend for any one or more of the above projects, any sum remaining unused upon completion of any other project or projects, whether any such sum remains unused upon such completion by reason of lower than estimated costs for such project or projects or a grant-in-aid upon the cost of any such project or projects received by the Board from the State or Federal Government, or any State or Federal Governmental agency, or from any other source.

- YES
- NO

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

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

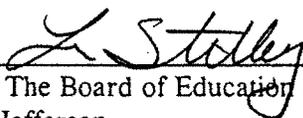
* * * * *

8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Jefferson County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and, in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on Monday, May 17, 2004, that being the 5th day, Sunday excepted, after such election for such purposes.

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

10. Notice of the school bond election hereby ordered shall be given, as required by law, by the publication of this order within the 14 consecutive days next preceding the date of such election, with an interval of at least 6 full days between the first and second publications, once a week for 2 successive weeks in the *Spirit of Jefferson Farmer's Advocate* and *The Journal*, being two qualified newspapers of opposite politics published or of general circulation in the District, the publication dates to be April 29 and May 6, 2004.

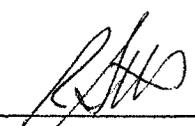
Given under my hand this February 17, 2004.

By: 
President of The Board of Education of the
County of Jefferson

CERTIFICATE

Certified a true and correct copy of the Bond Election Order, made and entered of record by The Board of Education of the County of Jefferson at a meeting thereof duly and regularly called and held upon lawful notice to all members thereof and to the public and news media, on February 17, 2004, at the City of Charles Town, Jefferson County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. As of the date hereof, such order is in full force and effect.

Given under my hand this December 2, 2004.

By: 
Secretary of The Board of Education of the
County of Jefferson

11/30/04
450270/00003

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

WHEREAS, The Board of Education of the County of Jefferson (the "Issuer"), has heretofore, on February 17, 2004, made and entered of record a Bond Election Order (the "Order") upon the question of authorizing bonds in the amount of Nineteen Million Dollars (\$19,000,000) to be issued and sold for the purpose of providing funds for making certain improvements in Jefferson County School District (the "District");

WHEREAS, in pursuance of said order, an election was held on May 11, 2004, 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 Jefferson County, sitting as a canvassing board on May 17, 2004 and as certified on May 20, 2004, was 5,930 votes for and 2,403 votes against the issuance of said bonds; so that more than 50% of the voters, to wit, 71.2% voting upon said proposition at said election, voted for the issuance of said bonds;

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

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

1. Bonds in the aggregate principal amount of \$19,000,000 (the "Bonds"), shall be issued and sold in denominations of \$5,000 or integral multiples thereof, the proceeds of which sale shall be used for the purposes hereinafter set forth, the sale of such Bonds to be made in whole, or from time to time in part, as the Issuer may in its discretion, deem proper, advisable and in the best interests of the residents of the District. Upon completion of the Project and payment of all costs thereof in full, any unused sum remaining from the sale of the Bonds shall be deposited with the West Virginia Municipal Bond Commission to be used for the purchase of any Bonds of this proposed issue outstanding at a price of not more than the par value thereof plus accrued interest to the date of such purchase or for the payment of the Bonds hereby authorized and the interest thereon at the maturities thereof.

2. The Bonds shall bear interest at a rate or rates not exceeding seven and one-half per centum (7.50%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which will result in somewhat lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable annually in the principal amounts and shall mature on May 1 in the years as follows:

<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2006	\$ 900,000	2014	\$ 1,300,000
2007	940,000	2015	1,365,000
2008	985,000	2016	1,425,000
2009	1,030,000	2017	1,495,000
2010	1,080,000	2018	1,565,000
2011	1,130,000	2019	1,640,000
2012	1,185,000	2020	<u>1,720,000</u>
2013	1,240,000		
TOTAL			<u>\$19,000,000</u>

3. 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 the West Virginia State Treasurer's designated paying agent, and the Issuer shall annually, at the levy term thereof, make up and lay a levy upon all taxable property within the District sufficient to provide funds for paying the interest on the Bonds as the same accrues and becomes payable and the principal thereof at their respective maturities.

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

and meaning thereof; and, for such budgeting, appropriation and payment, subject to the limitations fixed by the District shall and does pledge, irrevocably, its full faith, credit and taxing power.

5. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Nineteen Million Dollars (\$19,000,000), does not exceed or violate any provisions or limitations in any manner provided by the School Bond Amendment and the Better Schools Amendment.

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

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

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

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

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

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

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

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

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

make available one or more separate certificates evidencing the Bonds to any participant having the Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds. The President of the Issuer is hereby authorized and directed to execute and deliver to DTC a Letter of Representations in substantially the form presented to this meeting and the Issuer is authorized to comply with all requirements of DTC.

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

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

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

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

16. The Issuer covenants with the registered owners from time to time of the Bonds that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such

Bonds, would cause such Bonds to be "arbitrage bonds," as that term is defined in Section 148 of the Internal Revenue Code of 1986, as amended, or any successor provision, and the applicable regulations thereunder (the "Code"). The Issuer further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, the President of the Issuer being the official responsible for issuing the Bonds, is hereby authorized and directed to execute and deliver, in the name and on behalf of the District, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not "arbitrage bonds" within the meaning of said Section 148 and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance, sale and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the District as to the amount and use of the proceeds of the Bonds and other matters relating to such Section 148.

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

18. The Issuer hereby approves the Tax and Non-Arbitrage Certificate to be dated that date of delivery of the Bonds, in substantially the form presented to this meeting, and the President of the Issuer is hereby authorized and directed to execute such certificate with such changes, insertions and deletions as shall be approved by the President.

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

20. The Bonds may, at the option of the Issuer, be insured by a policy of municipal bond insurance or other surety guarantying the payment of the principal of and interest on the Bonds.

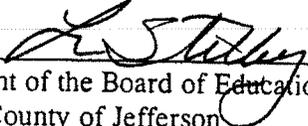
21. The Secretary of the Issuer shall transmit to the Attorney General of the State of West Virginia a duly certified copy of all orders, resolutions, proclamations, notices, advertisements, affidavits and records of all proceedings connected with or pertaining to this Bond issue, and any and all other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

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

23. 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 election held on May 11, 2004, pursuant to the calling thereof, and to do all things proper and necessary to obtain the approval and sale of said Bonds, and no further authority shall be necessary to authorize any such officers or employees to give further assurance, to execute such additional documents and do such further acts as may legally be required by any individual or corporate purchaser of the Bonds hereby authorized or any of them.

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

Adopted and entered of record this June 15, 2004.

By: 
President of the Board of Education of
The County of Jefferson

CERTIFICATE

Certified a true and correct copy of the Resolution and Order Directing Issuance of Bonds, adopted and entered of record by The Board of Education of the County of Jefferson at a meeting thereof duly and regularly called and held upon lawful notice to all members thereof on June 15, 2004, at the City of Charles Town, Jefferson County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such resolution and order is in full force and effect.

Given under my hand this December 2, 2004.

By: 
Secretary of The Board of Education of The
County of Jefferson

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EXHIBIT A

[FORM OF 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 JEFFERSON
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. _____ \$ _____

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

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication

hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1 in each year, beginning _____ 1, 20__, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated _____, _____, West Virginia, as its agent to act as registrar for the Bonds (the "Registrar") and the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its agent to act in the capacity of paying agent for the Bonds (the "Paying Agent").

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Paying Agent to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Paying Agent, or, at the option of any Registered Owner of at least \$500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia. The Issuer and the Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

This Bond is one of a series of bonds of the Issuer designated as "Public School Bonds, Series 2004" (the "Bonds"), issued by the Issuer in the aggregate principal amount of _____ Dollars (\$_____). The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order Directing Issuance of Bonds as supplemented and amended (the "Order") duly adopted by the Issuer, for the purpose of providing funds for the acquisition, construction and equipping of public school facilities, together with all necessary appurtenances, in Jefferson 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 denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The Issuer, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner thereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer, the Registrar and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the Registered Owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the Issuer upon the Bond as paid.

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

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

[The Bonds maturing on _____ 1, 20__, ___ 1, 20__ and ___ 1, 20__ shall be subject to mandatory annual sinking fund redemption of principal on ___ 1 of the years and in the amounts set forth below, without premium, plus interest accrued to the date fixed for redemption:]

Term Bonds Due _____ 1, 20__

Year

Principal Amount

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

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the laws of the State of West Virginia to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia, and that legal provision has been made by the Issuer for the levy and collection of a direct annual tax sufficient in amount to meet the payment of the interest and principal hereof, which shall have precedence over all other taxes for any purpose whatever, except bond issues heretofore or hereafter authorized and issued under the

five percent limitation provided by the Better Schools Amendment of the Constitution of West Virginia, and said tax is levied outside the limits fixed by Section 1, Article X of the Constitution of the State of West Virginia in the manner provided by Sections 8 and 10, Article X of the State Constitution; that said levies do not exceed any constitutional or statutory limitations; and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limitation thereon.

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

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

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF JEFFERSON has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Order, all as of _____, 2004.

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON

(SEAL)

By: _____
Its President

By: _____
Its Secretary

REGISTRAR'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

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

Dated: _____.

_____, as Registrar

By: _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Language to be provided by Bond Insurer]

ATTORNEY GENERAL'S APPROVAL

I, DARRELL V. MCGRAW, JR., Attorney General of the State of West Virginia, do hereby certify that this Bond has been approved by me by virtue of the authority vested in me by Article 1, Chapter 13, of the West Virginia Code of 1931, as amended; that notice of my approval hereof was published as required by Section 25 of said Chapter 13, Article 1; that 10 days have elapsed since the date of the last publication of such notice; that there has been no appeal from my decision to the Supreme Court of Appeals; and that this Bond has become incontestable, under and by virtue of the provisions of said Article 1, Chapter 13, and is a binding obligation upon The Board of Education of the County of Jefferson a corporation, the authority issuing the same, and upon the taxable property within Jefferson 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 _____, 2004.

By: _____
Attorney General of the State of
West Virginia

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

Dated: _____, _____.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

11/30/04
450270.00003

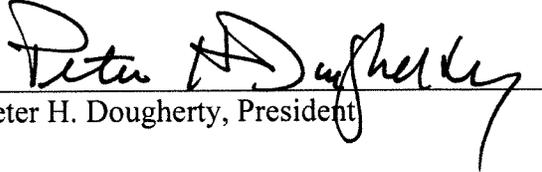
CERTIFICATE OF THE BOARD OF EDUCATION
OF THE COUNTY OF JEFFERSON [WEST VIRGINIA]
RE SURPLUS ACCOUNT FUNDS

I, Peter H. Dougherty, President of the Board of Education of the County of Jefferson (West Virginia) (the "Issuer"), in connection with the issuance of the Issuer's \$11,590,000 Public School Refunding Bonds, Series 2012 and the release by the West Virginia Municipal Bond Commission (the "Bond Commission") of approximately \$1,022,641.10 (in the aggregate) from surplus funds of the Issuer on deposit with the Bond Commission in connection with the Issuer's \$19,000,000 Public School Bonds, Series 2004 (the "Prior Bonds") being refunded this date, hereby certify, upon consultation with certain of the Issuer's employees including the Superintendent of Schools and the Treasurer of the School District, that the Project intended to be funded from the proceeds of the Prior Bonds ("2004 Projects") remains to be undertaken and/or completed at a cost in excess of the sums being released by the Commission and that such released sums will be used only in connection with such Project, it being one of the 2004 Projects authorized to be funded from the proceeds of the Prior Bonds.

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Dated this 2nd day of August, 2012 at Charles Town, West Virginia.

THE BOARD OF EDUCATION OF THE
COUNTY OF JEFFERSON [WEST VIRGINIA]

By: 
Peter H. Dougherty, President

FINAL
***** CLOSING MEMORANDUM*****

To: Distribution List	From: Marie Prezioso Joe Nassif
	Office: Charleston
Re: \$11,590,000 The Board of Education of the County of Jefferson(West Virginia), Public School Refunding Bonds, Series 2012	Date: August 1, 2012

CLOSING DATE, TIME & LOCATION:

Thursday, August 2, 2012
 10:00 a.m. Eastern Time
 By Telephone

CLOSING DTC FAST

SOURCES AND USES OF SERIES 2012 BONDS

SOURCES OF FUNDS:

Principal Amount	\$11,590,000.00
Plus Original Issue Premium	<u>1,266,554.10</u>
Total	<u>\$12,856,554.10</u>

USES OF FUNDS:

Deposit to Escrow:	
SLGS purchase	\$12,679,150.00
Cash Deposit	0.64
Underwriter's Discount	92,950.00
Estimated Costs of Issuance	<u>84,453.46</u>
Total	<u>\$12,856,554.10</u>

Closing Memorandum
 The Board of Education of the County of Jefferson (West Virginia), Series 2012
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TRANSFER OF FUNDS

1. On the morning of closing, August 2, 2012, Piper Jaffray shall initiate two electronic transfers as follows:
 - a. **\$12,679,150.64**
 BB&T WV
 250 East Second Avenue
 Williamson, WV 25661
 ABA #: 051503394
 Account: 5270517317
 Account Name: State of West Virginia
 Ref: Municipal Bond Commission (Sara Boardman 304.558.3971)
 Bank Contact: Michael Holtsclow (304.348.7078)
 - b. **\$84,453.46**
 Jefferson Security Bank
 Shepherdstown, WV
 ABA #: 057001971
 Account: 20085619
 Ref: Jefferson County Board of Education
 Bank Contact: Becky Levorson (blevorson@jeffersonsecuritybank.com 304.876.9015)

The two wires total \$12,763,604.10.

2. SLGS will be purchased for the escrow by the MBC through the WVBTI in the amount of \$12,679,150.00. The \$0.64 will be a cash deposit in the escrow.

Purchase Date	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate
Aug 2, 2012:						
	SLGS	Certificate	11/1/2012	11/1/2012	224,912	0.080%
	SLGS	Certificate	5/1/2013	5/1/2013	1,458,552	0.130%
	SLGS	Note	11/1/2013	11/1/2012	196,714	0.160%
	SLGS	Note	5/1/2014	11/1/2012	10,798,972	0.180%
					12,679,150	

Closing Memorandum

The Board of Education of the County of Jefferson (West Virginia), Series 2012

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3. The Board shall use the funds received to pay issuance costs upon proper invoice. Said costs are estimated as follows:

Bond Counsel	\$30,000.00
Underwriter's Counsel	30,000.00
O.S. Printing/Distribution	2,000.00
Registrar/CDA	650.00
Paying Agent/Trustee	2,200.00
Rating (S&P)	13,000.00
CUSIP	313.00
Verification Agent	3,500.00
Miscellaneous	<u>2,790.46</u>
TOTAL	\$84,453.46

MISCELLANEOUS

Upon confirmation that the electronic transfer has been received and that other required activities have been completed, Bowles Rice, United Bank and Piper Jaffray will authorize the release and distribution of the Bonds.

Because of the redelivery requirements of the Depository Trust Company, it is imperative that the above activities be completed no later than 12:30 p.m. Eastern Time on August 2, 2012.

The Board of Education of the
County of Jefferson (West Virginia)
Public School Refunding Bonds, Series 2012

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price	Premium (- Discount)
	5/1/2013	473664DJ6	1,315,000	4.000%	0.470%	102.629	34,571.35
	5/1/2014	473664DK3	1,265,000	4.000%	0.660%	105.791	73,256.15
	5/1/2015	473664DL1	1,330,000	4.000%	0.830%	108.591	114,260.30
	5/1/2016	473664DM9	1,390,000	4.000%	0.980%	111.083	154,053.70
	5/1/2017	473664DN7	1,465,000	4.000%	1.210%	112.832	187,988.80
	5/1/2018	473664DP2	1,535,000	4.000%	1.470%	113.892	213,242.20
	5/1/2019	473664DQ0	1,605,000	4.000%	1.690%	114.669	235,437.45
	5/1/2020	473664DR8	1,685,000	4.000%	1.900%	115.059	253,744.15
			11,590,000				1,266,554.10