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

\$50,000,000 Public School Bonds, Series 2004

Date of Closing: May 26, 2004

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05/24/04
613760.00005

**MONONGALIA COUNTY BOARD OF EDUCATION
ORDER DIRECTING ELECTION**

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA DIRECTING THAT A SPECIAL ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF MONONGALIA COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE PRINCIPAL AMOUNT OF FIFTY MILLION DOLLARS (\$50,000,000) FOR LAND ACQUISITION, SCHOOL AND OTHER CONSTRUCTION, RENOVATION AND IMPROVEMENTS IN MONONGALIA COUNTY SCHOOL DISTRICT

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

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

1. Insufficient, obsolete and inefficient school buildings and related facilities, in Monongalia County School District (the "District") 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, prepare or improve the sites therefor

and construct, improve, expand, renovate, repair, furnish and equip certain 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 the 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 to pay such costs.

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, preparation or improvement of sites, for acquisition, construction and equipping of certain new school and other facilities and for construction, expansion, improvement, renovation, repair, furnishing and equipping of certain existing school facilities (collectively, the "Project"), to pay interest during construction of the Project and for up to six months thereafter 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 **\$65,585,000** must be spent for such purposes, **\$50,000,000** of which would be provided from proceeds of the hereinafter-described Bonds, and **\$15,585,000** of which would be provided from a grant or grants from the School Building Authority

of West Virginia (the "SBA") a portion of which (\$3,585,000) has been committed and the remainder of which (\$12,000,000) is expected to be committed in December, 2003, all to the end of providing adequate, safe and convenient school and other facilities in the District to meet and improve the educational needs and opportunities of the students in the District.

3. The valuation of the taxable property in the District, as shown by the last assessment thereof for state and county taxation purposes, is \$2,550,659,127, and the valuation of each class of property within the District is as follows:

Class I	\$ 3,250,888
Class II	942,539,985
Class III	1,064,613,532
Class IV	<u>540,254,722</u>
TOTAL	<u>\$2,550,659,127</u>

4. There is general obligation bonded indebtedness for school purposes in the District outstanding in the principal amount of \$7,457,108. Other than such general obligation debt, the indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate amount of \$50,000,000, which together with the principal amount of all bonds outstanding, is 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 \$50,000,000, 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, or for additions, renovations or improvements to existing school facilities in the District, any sum remaining unused upon completion of any of such facilities, whether any such sum remains unused upon completion by reason of lower than estimated costs for such facility or facilities or a grant-in-aid upon the cost of such facility or facilities 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 in the event that any part of the bond proceeds should not be needed for completion of the Project, or for additions, renovations or improvements to existing school facilities in the District, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to the date of purchase or for the payment of such Bonds and the interest thereon at the maturities

thereof. The proceeds of sale of the Bonds will not be used except as herein specified, 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.

The Bonds shall not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the SBA to provide a grant or grants to the District for such Project in the amount of not less than **\$12,000,000**, which, together with the **\$3,585,000** previously committed by the SBA, will provide total grant funds to the District of **\$15,585,000**.

6. The Bonds shall bear interest at a rate or rates not exceeding **6.50%** per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable for a maximum term of **29** years from the date thereof.

7. It is further hereby ordered by the Board of Education of the County of Monongalia 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

Monongalia County School District at a special school bond election to be held in the District on **Saturday, October 4, 2003**.

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

Jean Friend
Bader Giggenbach
Stephen Higgins

(C) The registration of voters and the use of the registration books shall be governed by the permanent registration laws of the State of West Virginia and the Board hereby adopts the registration lists of the County of Monongalia as the official registration lists of the District for such school bond election.

(D) The purposes or projects for which the proceeds of sale of the Bonds, (\$50,000,000), if authorized by the voters and grants from the School Building Authority of West Virginia (\$15,585,000) are to be expended are as follows:

NEW SCHOOLS

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-
TOTALS		<u>\$50,000,000</u>	<u>\$15,585,000</u>

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS **\$50,000,000**

APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS **\$15,585,000**

APPROXIMATE TOTAL COST OF ALL PROJECTS **\$65,585,000**

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such

projects, architectural and engineering fees and costs, interest 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 foregoing projects. The Board may, in its discretion, allocate to and expend for any one or more of the above projects, or for additions, renovations, or improvements to existing school facilities in the District, 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 as follows:

Upon Class I property, approximately **5.20** cents

Upon Class II property, approximately **10.40** cents

Upon Class III property, approximately **20.80** cents

Upon Class IV property, approximately **20.80** cents

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

(G) If the debt and the Bond issue shall be approved by the voters, the Bonds, together with all existing bonded indebtedness, including any other bonds heretofore issued and payable from taxes levied outside the limitations fixed by Section 1, Article X of said Constitution, will not exceed in the aggregate 5% of the valuation of the taxable property in the District ascertained in accordance with Sections 8 and 10, Article X of said Constitution, and such Bonds and the interest

thereon will be payable from a direct annual tax levied and collected each year, on all taxable property in the District, sufficient to pay the principal and interest maturing and becoming due on such Bonds in each year together with any deficiencies for prior years, within, and not exceeding 34 years, which tax levies will be laid separate and apart from, and in addition to, the maximum rates provided for tax levies for school districts on the several classes of property in Section 1, Article X of said Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax will be levied outside the limits fixed by Section 1, Article X of said Constitution.

(H) If the debt and Bond issue submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment," and Section 10, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1951, amending and re-enacting Sections 3 and 4, Article 1, Chapter 13 of the Code of West Virginia, 1931, the levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies; said levies herein provided shall be levied and allocated each year for the purpose of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the District, and the Board does further find that after

laying and allocating said special levies for payment of the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

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

OFFICIAL BALLOT
BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
SPECIAL SCHOOL BOND ELECTION
SATURDAY, OCTOBER 4, 2003

Shall the Board of Education of the County of Monongalia incur debt and issue Bonds in the amount of **\$50,000,000**, maturities on such Bonds to run not more than **29** years from the date of such Bonds, with interest not exceeding the rate of **6.50%** per annum, payable semi-annually, for the purpose of making the following improvements in Monongalia County School District for the purpose of providing adequate, safe and convenient educational facilities for the School District and levy taxes sufficient to pay the principal of and interest on such Bonds?

NEW SCHOOLS

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. UNIVERSITY HIGH SCHOOL *	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000 (not yet committed)
Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students			

2.	WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000 (committed)
3.	CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

		<u>ESTIMATED COST</u>		
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>	
1.	MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$1,300,000	\$-0-

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations, and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-
TOTALS		<u>\$50,000,000</u>	<u>\$15,585,000</u>

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS \$50,000,000

APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS \$15,585,000

APPROXIMATE TOTAL COST OF ALL PROJECTS \$65,585,000

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest during construction of the Project and for 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 or for additions, renovations or improvements to existing school facilities in the District any sum remaining unused upon completion of any other project or projects, or for additions, renovations or improvements to existing school facilities in the District 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

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

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

* * * * *

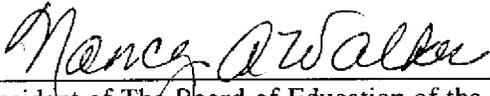
8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Monongalia County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and, in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on Friday, **October 10, 2003**, that being the 5th day, Sunday excepted, after such school bond election for such purposes.

9. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Monongalia in accordance with the provisions of West Virginia Code, Chapter 13, Article 1, Section 11 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 special 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 the 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 *Dominion*

Post and *The Charleston Gazette*, being two qualified newspapers of opposite politics published or of general circulation in the District, the publication dates to be **Thursday, September 25** and **Thursday, October 2, 2003** .

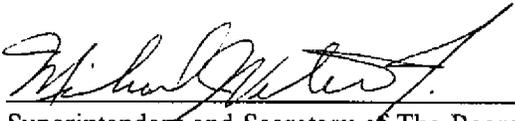
Given under my hand this 14th day of July, 2003.

By: 
President of The Board of Education of the
County of Monongalia

CERTIFICATE

Certified a true and correct copy of the Order Directing Election, made and entered of record by The Board of Education of the County of Monongalia at a regular meeting thereof duly and properly called and held upon lawful notice to the public and all members thereof on the 14th day of July, 2003, at Morgantown, Monongalia County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such order is in full force and effect.

Given under my hand this May 26, 2004.

By: 
Superintendent and Secretary of The Board
of Education of the County of Monongalia

07/11/03
613760/00005

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

WHEREAS, The Board of Education of the County of Monongalia (the "Issuer"), has heretofore, on July 14, 2003, made and entered of record an Order Directing Election (the "Order") upon the question of authorizing bonds in the amount of Fifty Million Dollars (\$50,000,000) to be issued and sold for the purpose of providing funds for making certain improvements in Monongalia County School District (the "District");

WHEREAS, in pursuance of said order, an election was held on October 4, 2003, at each of the legally established voting precincts in the District for the purpose of ascertaining the will of the voters upon the question of whether or not said bonds should be issued. The result of said election, as shown by a canvass of the returns thereof made by the Issuer and The County Commission of Monongalia County, sitting jointly as a canvassing board, on October 14, 2003, and as certified on October 17, 2003, was Eight Thousand One Hundred Twenty-seven (8,127) votes for and Two Thousand Nine Hundred Seventy-three (2,973) votes against the issuance of said bonds; so that more than 50% of the voters, to wit, 73.22% voting upon said proposition at said election, voted for the issuance of said bonds;

WHEREAS, in the Order and the ballot provided to the voters of Monongalia County, it was stated that the Bonds would not be issued or sold unless the District received a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000;

WHEREAS, on December 16, 2003, the District received a written commitment of a grant or grants to the District for such Project in the amount of \$12,000,000; and

WHEREAS, based upon such grant commitment and a previous grant commitment from the School Building Authority of West Virginia, dated February 14, 2002 (reduced from \$5,095,360 to \$3,585,000 as a result of passage of the bond proposal), 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 MONONGALIA AS FOLLOWS:

1. Bonds in the aggregate principal amount of \$50,000,000 (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 six and one-half per centum (6.50%) 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>Principal Amount</u>	<u>Maturity (May 1)</u>	<u>Principal Amount</u>	<u>Maturity (May 1)</u>
\$ 905,000	2006	\$1,710,000	2020
945,000	2007	1,790,000	2021
990,000	2008	1,870,000	2022
1,035,000	2009	1,960,000	2023
1,085,000	2010	2,050,000	2024
1,135,000	2011	2,145,000	2025
1,190,000	2012	2,245,000	2026
1,245,000	2013	2,350,000	2027
1,300,000	2014	2,460,000	2028
1,360,000	2015	2,575,000	2029
1,425,000	2016	2,690,000	2030
1,490,000	2017	2,820,000	2031
1,560,000	2018	2,950,000	2032
1,635,000	2019	<u>3,085,000</u>	2033
		<u>\$50,000,000</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, Fifty Million Dollars (\$50,000,000), 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 October 4, 2003, 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 February 24, 2004.

By: Nancy A. Walker
President of the Board of Education of
The County of Monongalia

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 Monongalia at a meeting thereof duly and regularly called and held upon lawful notice to all members thereof on February 24, 2004, at the City of Morgantown, Monongalia 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 May 26, 2004.

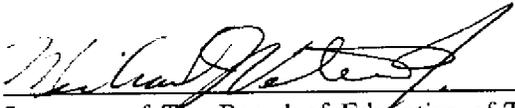
By: 
Secretary of The Board of Education of The
County of Monongalia

EXHIBIT A

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
_____ %	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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 \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the 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 Monongalia 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:]

<u>Term Bonds Due</u>	_____ 1, 20__
<u>Year</u>	<u>Principal Amount</u>

[Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Issuer, to the registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice

of redemption having been given in the manner described herein, and moneys necessary for the redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Issuer shall default in the payment of the redemption price), such Bonds shall cease to bear interest.]

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

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

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

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

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

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

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

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA 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 MONONGALIA

(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 Monongalia a corporation, the authority issuing the same, and upon the taxable property within Monongalia 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.

02/24/04
613760/00005

Supplemental Resolution

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

SUPPLEMENTAL RESOLUTION

WHEREAS, The Board of Education of the County of Monongalia, West Virginia (the "Issuer"), did, on February 24, 2004, adopt and enter of record a Resolution and Order Directing Issuance of Bonds, (the "Resolution") authorizing the issuance of the above-captioned bonds (the "Bonds");

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

WHEREAS, pursuant to the Resolution and applicable law, the Issuer has duly and properly advertised the Bonds for sale upon sealed proposals to be received by the Issuer until 12:00 Noon, on the date hereof, being May 12, 2004;

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

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

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

1. The Bonds shall be sold to Merrill Lynch & Company, being the highest responsive bidder (lowest interest cost) thereon.

2. The Bonds shall be dated May 1, 2004, and shall bear interest at the rates and shall mature on the dates and in the amounts as follows:

<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$ 905,000	6.00%
2007	945,000	6.00
2008	990,000	6.00
2009	1,035,000	6.00
2010	1,085,000	6.00
2011	1,135,000	6.00
2012	1,190,000	4.00
2013	1,245,000	5.00
2014	1,300,000	5.00
2015	1,360,000	5.00
2016	1,425,000	5.00
2017	1,490,000	5.00
2018	1,560,000	5.00
2019	1,635,000	5.00
2020	1,710,000	5.00
2021	1,790,000	5.00
2022	1,870,000	5.00
2023	1,960,000	5.00
2024	2,050,000	5.00
2025	2,145,000	5.00
2026	2,245,000	5.00
2027	2,350,000	5.00
2033	16,580,000	5.00
	<u>\$50,000,000</u>	

3. The Bonds maturing May 1, 2033 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for mandatory sinking fund redemption, beginning May 1, 2028, in the years and in the annual principal amounts as follows:

Bonds Maturing May 1, 2033

<u>Year</u>	<u>Principal Amount</u>
2028	\$2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033 *	3,085,000

* Final Maturity

4. The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

<u>Optional Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
May 1, 2014 to April 30, 2015	101 %
May 1, 2015 and thereafter	100

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

5. Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Issuer, to 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 their 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 Board shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

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

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

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

This Supplemental Resolution shall be effective immediately.

Adopted and entered of record this May 12, 2004.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: *Nancy A Walker*
President of The Board of Education of
the County of Monongalia

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted, enacted and entered of record by THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (West Virginia) at a special meeting of the Board held at 12:30 p.m., on May 12, 2004, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Given under my hand this May 26, 2004.

By: 
Secretary of the Board of Education of
the County of Monongalia

05/17/04
613760.00005

Cross Receipt

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned MICHAEL J. COCCHIOLA, Syndicate Specialist of MERRILL LYNCH & COMPANY (the "Purchaser"), for and on behalf of the Purchaser, and NANCY A. WALKER, President of THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (the "Issuer"), hereby certify as follows:

1. On May 26, 2004, through DTC in New York, New York, the Purchaser received the entire original issue of \$50,000,000 in aggregate principal amount of The Board of Education of the County of Monongalia (West Virginia) Public School Bonds, Series 2004 (the "Bonds"). The Bonds, as so received on original issuance, are dated May 1, 2004, 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 Nancy A. Walker, as President of the Issuer, by her manual signature, and countersigned by Michael J. Vetere, Jr., as Secretary of the Issuer, by his manual signature, and the seal of the Issuer had been affixed upon such Bonds and had been authenticated by United Bank, Inc., as Registrar.

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

Purchase Price	\$50,010,606.25
Plus: Accrued Interest (May 1, 2004 - May 26, 2004)	177,017.40
Less: Purchaser's Good Faith Deposit	<u>(1,000,000.00)</u>
TOTAL	<u>\$49,187,623.65</u>

Payment for the Bonds was made in Federal Funds in the amount of \$49,187,623.65 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.

IN WITNESS WHEREOF, MICHAEL J. COCCHIOLA, duly signed and delivered this receipt on behalf of the Purchaser and NANCY A. WALKER, 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 May 26, 2004.

MERRILL LYNCH & COMPANY

By: 
Its Syndicate Specialist

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: 
Its President

05/24/04
613760.00005

EXHIBIT A

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

<u>Bond No.</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
R-1	\$ 905,000	2006	6.00%	610219 BH 9
R-2	945,000	2007	6.00	610219 BJ 5
R-3	990,000	2008	6.00	610219 BK 2
R-4	1,035,000	2009	6.00	610219 BL 0
R-5	1,085,000	2010	6.00	610219 BM 8
R-6	1,135,000	2011	6.00	610219 BN 6
R-7	1,190,000	2012	4.00	610219 BP 1
R-8	1,245,000	2013	5.00	610219 BQ 9
R-9	1,300,000	2014	5.00	610219 BR 7
R-10	1,360,000	2015	5.00	610219 BS 5
R-11	1,425,000	2016	5.00	610219 BT 3
R-12	1,490,000	2017	5.00	610219 BU 0
R-13	1,560,000	2018	5.00	610219 BV 8
R-14	1,635,000	2019	5.00	610219 BW 6
R-15	1,710,000	2020	5.00	610219 BX 4
R-16	1,790,000	2021	5.00	610219 BY 2
R-17	1,870,000	2022	5.00	610219 BZ 9
R-18	1,960,000	2023	5.00	610219 CA 3
R-19	2,050,000	2024	5.00	610219 CB 1
R-20	2,145,000	2025	5.00	610219 CC 9
R-21	2,245,000	2026	5.00	610219 CD 7
R-22	2,350,000	2027	5.00	610219 CE 5
R-23	16,580,000	2033	5.00	610219 CL 9
	<u>\$50,000,000</u>			

IN THE MATTER OF THE BOARD OF EDUCATION OF MONONGALIA COUNTY,
STATE OF WEST VIRGINIA
\$50,000,000
PUBLIC SCHOOL BONDS, SERIES 2004

ATTORNEY GENERAL'S APPROVAL

At a regular meeting of the Board of Education of the County of Monongalia, State of West Virginia, held on July 14, 2003, an order was entered of record authorizing a vote to be taken of legal voters of the County of Monongalia at a special election to be held on Saturday, October 4, 2003, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Fifty Million Dollars (\$50,000,000) (the "Bonds"), and levying taxes to pay the interest on and the principal of said Bonds, the proceeds from the sale of such Bonds to be used for the following purposes:

NEW SCHOOLS

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000 (not yet committed)

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$1,300,000	\$-0-

		<u>ESTIMATED COST</u>	
<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-
TOTALS		<u>\$50,000,000</u>	<u>\$15,585,000</u>

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS \$50,000,000

APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS \$15,585,000

APPROXIMATE TOTAL COST OF ALL PROJECTS \$65,585,000

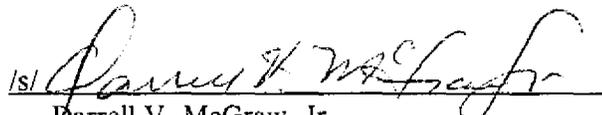
* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

* * * *

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

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing Bonds, as provided in said order, Eight Thousand One Hundred Twenty-seven (8,127) votes were cast for, and Two Thousand Nine Hundred Seventy-three (2,973) votes were cast against, the issuance of said Bonds, so that a majority of the votes were cast for the proposition.

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


Darrell V. McGraw, Jr.

Charleston, West Virginia

March 18, 2004

613760.00001
03/15/04

The McGraw-Hill Companies

**STANDARD
& POOR'S**

Vincent S. Orgo
Administrative Officer
55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
vincent_orgo@standardandpoors.com

reference no.: 40150724

May 19, 2004

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Ms. Lisa A. Wilson, Vice President Manager DAC Group

Re: *\$50,000,000 The Board of Education of the County of Monongalia (West Virginia),
Public School Bonds, Series 2004, dated: May 1, 2004, due: May 1, 2006-2027,
Term Bonds due: May 1, 2033, (POLICY #44060)*

Dear Ms. Wilson:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "AA-". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

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

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

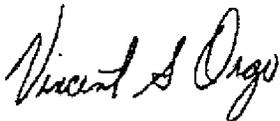
Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard &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

Ms. Lisa A. Wilson
Page 2
May 19, 2004

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.



By: Vincent S. Orgo
Administrative Officer

kl

Direction to Authenticate

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

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

1. Bonds Nos. R-1 to R-23, inclusive, constituting the entire original issue of The Board of Education of the County of Monongalia, (West Virginia) Public School Bonds, Series 2004, dated May 26, 2004, in the aggregate principal amount of \$50,000,000 (the "Bonds"), all as set forth in **EXHIBIT A**, attached hereto and made a part hereof, signed by the President and countersigned by the Secretary of The Board of Education of the County of Monongalia (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution and Order Directing Issuance of Bonds adopted by the Issuer on February 24, 2004 and a Supplemental Resolution adopted by the Issuer on May 12, 2004 (collectively, the "Resolution").

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

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

You are hereby requested and authorized to authenticate, register and deliver the Bonds to CEDE & CO., as nominee of Depository Trust Company, on behalf of Merrill Lynch & Company, the Purchaser.

Dated this May 26, 2004.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: _____
Its President

05/17/04
613760.00005

EXHIBIT A

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

<u>Bond No.</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
R-1	\$ 905,000	2006	6.00%	610219 BH 9
R-2	945,000	2007	6.00	610219 BJ 5
R-3	990,000	2008	6.00	610219 BK 2
R-4	1,035,000	2009	6.00	610219 BL 0
R-5	1,085,000	2010	6.00	610219 BM 8
R-6	1,135,000	2011	6.00	610219 BN 6
R-7	1,190,000	2012	4.00	610219 BP 1
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R-10	1,360,000	2015	5.00	610219 BS 5
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R-17	1,870,000	2022	5.00	610219 BZ 9
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R-22	2,350,000	2027	5.00	610219 CE 5
R-23	16,580,000	2033	5.00	610219 CL 9
	<u>\$50,000,000</u>			



School Building Authority of West Virginia

Clacy E. Williams, Executive Director

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

February 14, 2002

Dr. Michael J. Vetere
Superintendent
Monongalia County Schools
13 South High Street
Morgantown, WV 26505-7546

Dear Dr. Vetere:

The School Building Authority of West Virginia at its December 17, 2001 Quarterly Meeting on December 17, 2001 approved a Needs Grant for Monongalia County in the amount of \$5,095,360. Funds from this grant are for the project described in the enclosed Grant Agreement and not to be expended for any other purpose.

We will be able to transfer funds into your account at United National Bank as soon as we receive your grant contract. We have completed the Grant Agreement for this project and encourage your signature as soon as possible. Please sign all three of the enclosed copies retaining one copy for your records and returning the remaining two copies of the contract to our office. Funds cannot be transferred until the signed contracts are returned.

We are pleased that you will be receiving sufficient funds from the SBA to address your project. Personally, I am looking forward to working with you in this endeavor and will be able to assist you in any way possible to help assure a completion of the project for your board and the SBA. Please do not hesitate to call on me when needed.

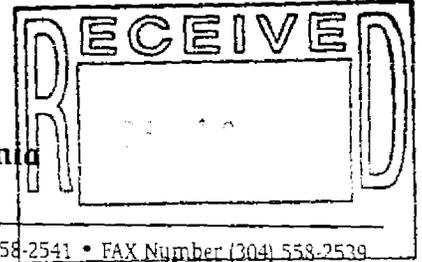
Sincerely,

Dr. Clacy Williams
Executive Director

CW:kc

Enclosure

f:\mainserver\karen\monongalia1201scfgrantltr.wpd



School Building Authority of West Virginia

Clacy E. Williams, Executive Director

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

December 16, 2003

Handwritten initials and date: 12/16/03

Dr. Michael J. Vetere
Superintendent
Monongalia County Schools
13 South High Street
Morgantown, WV 26501-7546

Dear Dr. Vetere:

I am pleased to inform you that on December 15, 2003 at it's quarterly meeting, the School Building Authority approved a Needs Grant for Monongalia County in the amount of \$12,000,000. The grant is for a new University High School.

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

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

Sincerely,


Mary M. Blashford
Coordinator of Finance and Administration

MMB:kc

f:\sbamainserver1\karen\monongalia\203needsnotice.wpd

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 MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-1

COPY

\$905,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2006	May 1, 2004	610219 BH 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FIVE THOUSAND AND 00/100 DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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").

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 MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-2

\$945,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2007	May 1, 2004	610219 BJ 5

REGISTERED OWNER: CEDE & CO.

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

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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").

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-3

\$990,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2008	May 1, 2004	610219 BK 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED NINETY THOUSAND AND 00/100 DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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").

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-4

\$1,035,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2009	May 1, 2004	610219 BL 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THIRTY-FIVE THOUSAND AND 00/100 DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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").

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-5

\$1,085,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2010	May 1, 2004	610219 BM 8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHTY-FIVE THOUSAND AND 00/100 DOLLARS

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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 MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-6

\$1,135,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
6.00%	May 1, 2011	May 1, 2004	610219 BN 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED THIRTY-FIVE THOUSAND AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-7

\$1,190,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
4.00%	May 1, 2012	May 1, 2004	610219 BP1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED NINETY THOUSAND
AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-8

\$1,245,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2013	May 1, 2004	610219 BQ 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED FORTY-FIVE
THOUSAND AND 00/100 DOLLARS

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PUBLIC SCHOOL BONDS, SERIES 2004

No. R-9

\$1,300,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2014	May 1, 2004	610219 BR 7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED THOUSAND AND
00/100 DOLLARS

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-10

\$1,360,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2015	May 1, 2004	610219 BS 5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED SIXTY THOUSAND
AND 00/100 DOLLARS

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-11

\$1,425,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2016	May 1, 2004	610219 BT 3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND AND 00/100 DOLLARS

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 (WEST VIRGINIA)
 PUBLIC SCHOOL BONDS, SERIES 2004

No. R-12

\$1,490,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2017	May 1, 2004	610219 BU 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED NINETY THOUSAND AND 00/100 DOLLARS

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-13

\$1,560,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2018	May 1, 2004	610219 BV 8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED SIXTY THOUSAND
AND 00/100 DOLLARS

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 (WEST VIRGINIA)
 PUBLIC SCHOOL BONDS, SERIES 2004

No. R-14

\$1,635,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2019	May 1, 2004	610219 BW 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED THIRTY-FIVE THOUSAND AND 00/100 DOLLARS

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-15

\$1,710,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2020	May 1, 2004	610219 BX 4

REGISTERED OWNER: CEDE & CO.

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

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-16

\$1,790,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2021	May 1, 2004	610219 BY 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SEVEN HUNDRED NINETY THOUSAND AND 00/100 DOLLARS

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(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-17

\$1,870,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2022	May 1, 2004	610219 BZ 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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").

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-18

\$1,960,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2023	May 1, 2004	610219 CA 3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION NINE HUNDRED SIXTY THOUSAND
THOUSAND AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
 STATE OF WEST VIRGINIA
 THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
 (WEST VIRGINIA)
 PUBLIC SCHOOL BONDS, SERIES 2004

No. R-19

\$2,050,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2024	May 1, 2004	610219 CB 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FIFTY THOUSAND AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-20

\$2,145,000

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2025	May 1, 2004	610219 CC 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED FORTY-FIVE THOUSAND AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-21

\$2,245,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2026	May 1, 2004	610219 CD 7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION TWO HUNDRED FORTY-FIVE
THOUSAND AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-22

\$2,350,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2027	May 1, 2004	610219 CE 5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED FIFTY THOUSAND
AND 00/100 DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

No. R-23

\$16,580,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
5.00%	May 1, 2033	May 1, 2004	610219 CL 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIXTEEN MILLION FIVE HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, (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, 2004, (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, 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 April 15 and October 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Paying Agent, or, at the option of any Registered Owner of at least \$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 principal corporate trust office of the Paying Agent, in Charleston, West Virginia. The Issuer and the Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

This Bond is one of a series of bonds of the Issuer designated as "Public School Bonds, Series 2004" (the "Bonds"), issued by the Issuer in the aggregate principal amount of \$50,000,000. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order Directing Issuance of Bonds as supplemented and amended (the "Order") duly adopted by the Issuer, for the purpose of providing funds for the acquisition, construction and equipping of public school facilities, together with all necessary appurtenances, in Monongalia 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 and the Registrar may deem and treat the registered owner hereof as the absolute owner thereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer and the Registrar 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 May 1, 2033 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for mandatory sinking fund redemption, beginning May 1, 2028, in the years and in the annual principal amounts as follows:

COPY

Bonds Maturing May 1, 2033

<u>Year</u>	<u>Principal Amount</u>
2028	\$2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033 *	3,085,000

The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

<u>Optional Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
May 1, 2014 to April 30, 2015	101 %
May 1, 2015 and thereafter	100

* Final Maturity

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

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Issuer, to 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 their 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 Board 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 MBIA Insurance Corporation.

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 Paying Agent.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA 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 May 1, 2004.

THE BOARD OF EDUCATION OF THE COUNTY
OF MONONGALIA

(SEAL)

By: Nancy A Walker
Its President

By: Michael J. Peters
Its Secretary

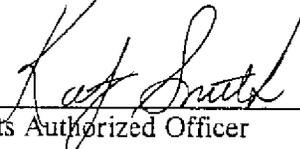
REGISTRAR'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

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: May 26, 2004.

COPY

UNITED BANK, INC., as Registrar

By: 

Its Authorized Officer

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the West Virginia Municipal Bond Commission, Charleston, West Virginia.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to the West Virginia Municipal Bond Commission or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$50,000,000

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2004

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the

Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

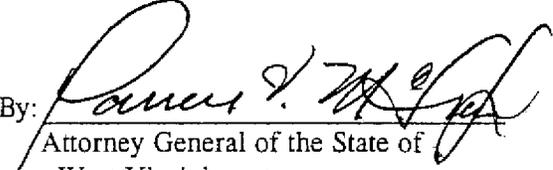
MBIA INSURANCE CORPORATION

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 Monongalia a corporation, the authority issuing the same, and upon the taxable property within Monongalia 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 May 26, 2004.

COPY

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.

General Certificate of Board

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

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

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

The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Monongalia (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 Merrill Lynch & Company, as original purchaser from the Issuer of the above-captioned bond issue and other interested parties as follows, jointly unless otherwise stated, all capitalized terms not otherwise defined herein to have the meanings given in the Resolution, herein defined:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the

Resolution and Order Directing Issuance of Bonds of the Issuer adopted February 24, 2004, as supplemented and amended (collectively, the "Resolution").

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

3. **AWARD OF BONDS; SIGNATURES:** Pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), the Bonds were duly and properly advertised for sale and 5 bids were received, the best bid being that of Merrill Lynch & Company, all as appears from the minutes of the Issuer of its meeting of May 12, 2004, a copy of which is delivered herewith. The Bonds were thereupon awarded to Merrill Lynch & Company (the "Purchaser"), at the price of \$50,010,606.25, plus accrued interest to the date of delivery of the Bonds in the amount of \$177,017.40 (total of \$50,187,623.65). The Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon. The Attorney General's Approval of the Bonds was signed upon each of the Bonds by Darrell V. McGraw, Jr., Attorney General of the State of West Virginia.

4. **DELIVERY AND PAYMENT:** The undersigned President did, on the date hereof, deliver to the Purchaser, through DTC, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing in each of the years 2006 to 2027, inclusive and with a single term bond maturing in 2033 and numbered R-1 to R-23, inclusive.

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

Purchase Price	\$50,010,606.25
Plus accrued interest - (May 1, 2004 to May 26, 2004)	<u>177,017.40</u>
Total Received	<u>\$50,187,623.65</u>

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 her manual signature, in multiple counterparts thereof and the Bond Documents have not been amended, altered, supplemented, repealed, canceled, superseded or modified since authorization thereof and have been delivered to the Registrar and others:

Bond Election Order

Resolution and Order Directing Issuance of Bonds

Supplemental Resolution

Minutes (or excerpt) of Board Meetings of July 14, 2003, February 24, 2004 and May 12, 2004

Attorney General's Approval

Affidavits of Publication of Attorney General's Approval

Official Notice of Sale

Bids of Merrill Lynch & Company and other Bidders

Copy of Letter of Clerk of Supreme Court of Appeals

Affidavits of Publication of Notice of Sale

Certificate on Valuation of Taxable Property

Preliminary Official Statement

Official Statement

Tax and Arbitrage Certificate

Continuing Disclosure Agreement

SBA Grant Commitment Letters

Specimen Bond

Rating Letters

6. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since April 27, 2004, except as may be set forth in the Official Statement. The Issuer has outstanding its Public School Refunding Bonds, Series 1999, dated June 1, 1999, issued in the original aggregate principal amount of \$19,689,625 and currently outstanding in the aggregate principal amount of \$3,865,582 (the "Series 1999 Bonds") payable from the same sources as, and issued on a parity with, the Bonds. Such amount, together with interest accrued thereon, will be paid in full on April 1, 2005. Except for the Series 1999 Bonds, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

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

8. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "The Board of Education of the County of Monongalia" and it is a public corporation of the State of West Virginia, in Monongalia 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>
Nancy A. Walker - President	July 1, 2000	June 30, 2004
Dr. Michael T. Yura - Member	July 1, 2000	June 30, 2004
Stephen L. Cook - Member	July 1, 2002	June 30, 2006
Joseph C. Statler - Member	July 1, 2002	June 30, 2006
Dr. Barbara L. Parsons - Member	July 1, 2002	June 30, 2006

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

Dr. Michael J. Vetere, Jr.	-	Superintendent of Schools and Secretary
Terry Hawkins	-	Treasurer

The duly appointed and acting Counsel for the Issuer is Kay, Casto & Chaney PLLC, Morgantown, West Virginia.

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

10. SBA GRANTS: The Issuer has obtained a commitment for a grant or grants from the School Building Authority of West Virginia in the amount of not less than \$15,585,000 (the "Grant"), which Grant is available to be applied to the costs of the Project.

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

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

13. USE OF BOND PROCEEDS: On the date hereof, the Issuer received the entire principal amount of the Bonds, together with the net premium and interest accrued thereon in the total amount of \$50,187,623.25. Such proceeds will be expended as follows:

Accrued interest to Debt Service Account	\$ 177,017.40
Capitalized Interest	1,747,000.00
Costs of Issuance	77,000.00
Funds Available for Project Costs	48,186,606.25

14. 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.

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

16. DISCLOSURES: The information relating to the Issuer contained in the Official Statement is true and correct in all material respects, and nothing has come to the attention of the undersigned that would lead the undersigned to believe that the Official Statement contains any untrue or 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 were made, not misleading.

17. 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 MONONGALIA on this May 26, 2004.

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA

[SEAL]

By: Nancy A Walker
Its President

By: Michael Gates
Its Secretary

05/24/04
613760.00005

Tax and Arbitrage Certificate

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

TAX AND NON-ARBITRAGE CERTIFICATE

I, NANCY A. WALKER, President and MICHAEL J. VETERE, JR., Secretary and Superintendent of The Board of Education of the County of Monongalia, West Virginia (the "Issuer"), being officials of the Issuer duly charged with the responsibility for the issuance of the \$50,000,000 Public School Bonds, Series 2004, of the Issuer, dated May 1, 2004 (the "Bonds"), hereby certify as follows, jointly, unless otherwise stated, all capitalized terms used herein and not otherwise defined to have the meanings ascribed thereto in the Resolution and Order Directing Issuance of Bonds adopted by the Issuer on February 24, 2004, as supplemented and amended (collectively, the "Resolution"), pursuant to which the Bonds are issued:

A. DEFINITIONS

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

B. GENERAL

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

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

3. The Bonds are being issued and sold by the Issuer pursuant to approval of the Issuer's electorate at a special election held on October 4, 2003, and pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended, and under the provisions of the Resolution. The principal amounts, interest rates, yields, and interest and principal payment dates are as set forth in EXHIBIT A hereto.

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

5. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 26, 2004, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of our knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

7. The Bonds were sold and delivered on May 26, 2004, to Merrill Lynch & Company (the "Purchaser") for a purchase price of \$50,010,606.25 (100.0212% of par), plus interest accrued thereon in the amount of \$177,017.40 (total of \$50,187,623.65).

8. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys necessary (i) to pay a portion of the costs of design, acquisition, construction and equipping of new public school facilities and renovations, improvements and additions to existing public school facilities in Monongalia County School District (the "Project"), (ii) to pay a portion of the interest on the Bonds becoming due during the period of construction of the Project ("Capitalized Interest") and (iii) to pay costs of issuance of the Bonds and related costs.

9. The face amount of the Bonds is \$50,000,000. The sources and uses of proceeds of the Bonds is as follows:

Sources

Par amount of Bonds	\$50,000,000.00
Premium	10,606.25
Accrued interest (May 1, 2004 to May 26, 2004)	<u>177,017.40</u>
Total Sources	<u>\$50,187,623.65</u>

Uses

Accrued interest to Debt Service Account	\$ 177,017.40
Costs of Issuance	77,000.00
Capitalized Interest	1,747,000.00
Funds Available to Board for Project Costs	<u>48,186,606.25</u>
Total Uses	<u>\$50,187,623.65</u>

10. The Purchaser has stated, in its certificate, a copy of which is attached hereto as EXHIBIT C - PURCHASER'S CERTIFICATE (the "Purchaser's Certificate") that the Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Bonds, including interest accrued on the Bonds from May 1, 2004.

C. THE PROJECT AND USE OF BOND PROCEEDS

1. The proceeds of the Bonds are being used to finance the Project, fund Capitalized Interest and pay costs of issuance of the Bonds. The accrued interest on the Bonds (\$177,017.40) will be deposited with the West Virginia Municipal Bond Commission and used to pay interest on the Bonds on the first interest payment date, being November 1, 2004. The remaining proceeds of the Bonds (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and expended solely for payment of costs of the Project, Capitalized Interest and Costs of Issuance of the Bonds. The Project financed with the Net Sale Proceeds of the Bonds is a new construction project. The Issuer reasonably expects that:

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

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

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

(d) A period longer than 3 years is necessary to complete the Project due to the size and the scope thereof. The Issuer has obtained the certificate of Ted A. Shriver, AIA, a West Virginia licensed architect, to such effect, as set forth in EXHIBIT D - ARCHITECT'S CERTIFICATE.

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

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

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

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

D. THE BONDS

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

2. A Debt Service Account for the Bonds is established by the Bond Commission. Moneys deposited to the Debt Service Account, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds or as otherwise required by law. The Bonds all bear interest at a fixed interest rate. The Debt Service Account is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All moneys held in the Debt Service Account will be used to pay debt service on the Bonds. All Sale Proceeds of the Bonds deposited in the Debt Service Account will constitute accrued interest on the Bonds and will be applied to pay interest on the Bonds on the first interest payment date, being November 1, 2004. The Debt Service Account qualifies as a Bona Fide Debt Service Fund and all moneys in the Debt Service Account will be invested without restriction as to yield and are not subject to rebate.

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

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

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

6. Accrued interest with respect to the Bonds in an amount less than six month's interest on the Bonds will be applied within one year from the date hereof toward the payment of interest first due on the Bonds, as detailed in Section B.9. hereof. Pending such disbursement, such monies will be invested without restriction as to yield.

7. In addition to accrued interest, a portion of the proceeds of the Bonds in an amount not greater than one year's interest on the bonds (Capitalized Interest) will be applied within one year of the date hereof toward the payment of interest due on the Bonds on November 1, 2004 and May 1, 2005, as detailed in Section B.9. hereof. Pending such disbursement, such monies will be invested without restriction as to yield.

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

9. The Issuer certifies, based upon representations of the Purchaser shown in EXHIBIT C hereto, that the aggregate reoffering price of the Bonds is \$50,271,106.25 which represents the price at which the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). Such reoffering price does not include accrued interest of \$177,017.40. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Bonds on an aggregate basis as computed by Ferris Baker Watts, Inc., the Issuer's financial advisor is 5.00362%.

9. Unless otherwise authorized by an Opinion of Bond Counsel, during any period in which (A) the sum of (i) all unspent Sale Proceeds remaining in the Construction Fund after May 26, 2009, and (ii) all Investment Proceeds with respect thereto, plus (B) any amounts held in the Bona Fide Debt Service Fund, that remain unexpended after 13 months from the date of accumulation in such funds, at any time in the aggregate exceeds \$100,000, the excess will be invested either (i) in assets that are not Investment Property, (ii) in assets that comply with the requirements for qualified yield reduction payments set forth in Treasury Regulations §1.148-5(c) or (iii) in Investment Property with a yield not exceeding the yield on the Bonds.

E. REBATE

1. Undertakings. The Issuer has covenanted to comply with certain requirements of the Code. The Issuer acknowledges that the United States Department of the Treasury has issued Treasury Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the United States under Section 148(f) of the Code (i.e., Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Treasury Regulations). The Issuer covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Bonds. The Issuer

will undertake the methodology described in this Section E of this Tax Certificate, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the Issuer receives an opinion of Bond Counsel.

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

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

4. Rebate Amount Calculation and Payment.

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

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

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

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

5. Valuation of Investments.

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

(i) Outstanding Principal Amount Method. A plain par investment (as defined in Section 1.148-1(b) of the Treasury Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

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

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined

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

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

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

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

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

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

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

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

(i) the Issuer has made (or had made on its behalf) a bona fide solicitation for a specified guaranteed investment contract and received at least three

(3) bona fide bids from providers that have no material financial interest in the Bonds;

(ii) the Issuer purchased (or had purchased on its behalf) the highest-yielding guaranteed 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 contract, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds. For purposes of computing the yield on a guaranteed investment contract acquired through a broker, any compensation received by such broker whether payable by or on behalf of the obligor or obligee of such investment contract may be taken into account in determining the cost of such guaranteed investment contract (as provided in Section 1.148-5(e)(2)(iii) of the Treasury Regulations) to the extent that the amount of compensation does not exceed the lesser of \$30,000 or 0.2% of the computational base (as defined in Section 1.148-5(e)(2)(iii)(B)(2) of the Treasury Regulations), provided that in no event shall the Issuer treat as qualified administrative costs more than \$85,000 in broker's commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with the gross proceeds of the issue.

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

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

(vi) the provider of the guaranteed investment contract certified the administrative costs that it paid (or expects to pay) to third parties in connection with the guaranteed investment contract.

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

6. Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that

end, the Issuer hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

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

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

F. MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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IN WITNESS WHEREOF, we have set our hands this May 26, 2004.

THE BOARD OF EDUCATION OF THE COUNTY
OF MONONGALIA

By: Nancy A Walker
Its President

By: Michael G. [Signature]
Its Secretary and Superintendent

05/24/04
613760.00005

EXHIBIT A

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

<u>Bond No.</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
R-1	\$ 905,000	2006	6.00%	610219 BH 9
R-2	945,000	2007	6.00	610219 BJ 5
R-3	990,000	2008	6.00	610219 BK 2
R-4	1,035,000	2009	6.00	610219 BL 0
R-5	1,085,000	2010	6.00	610219 BM 8
R-6	1,135,000	2011	6.00	610219 BN 6
R-7	1,190,000	2012	4.00	610219 BP 1
R-8	1,245,000	2013	5.00	610219 BQ 9
R-9	1,300,000	2014	5.00	610219 BR 7
R-10	1,360,000	2015	5.00	610219 BS 5
R-11	1,425,000	2016	5.00	610219 BT 3
R-12	1,490,000	2017	5.00	610219 BU 0
R-13	1,560,000	2018	5.00	610219 BV 8
R-14	1,635,000	2019	5.00	610219 BW 6
R-15	1,710,000	2020	5.00	610219 BX 4
R-16	1,790,000	2021	5.00	610219 BY 2
R-17	1,870,000	2022	5.00	610219 BZ 9
R-18	1,960,000	2023	5.00	610219 CA 3
R-19	2,050,000	2024	5.00	610219 CB 1
R-20	2,145,000	2025	5.00	610219 CC 9
R-21	2,245,000	2026	5.00	610219 CD 7
R-22	2,350,000	2027	5.00	610219 CE 5
R-23	16,580,000	2033	5.00	610219 CL 9
	<u>\$50,000,000</u>			

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document Number 25]

EXHIBIT C - PURCHASER'S CERTIFICATE

[Included in Transcript as Document Number 15]

EXHIBIT D - ARCHITECT'S CERTIFICATE

[Included in Transcript as Document No. 12]

Certificate of Issuer and Architect

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

CERTIFICATE OF ISSUER AND ARCHITECT

The undersigned NANCY A. WALKER, President of The Board of Education of the County of Monongalia, West Virginia (the "Issuer"), and TED A. SHRIVER, AIA, a licensed architect of the State of West Virginia, Certificate of Professional Registration number 2811, of Williamson Shriver Gandee Architects, Charleston, West Virginia (the "Architect"), hereby certify as follows relative to the use of the proceeds of the Issuer's \$50,000,000 Public School Bonds, Series 2004, dated May 1, 2004 (the "Bonds"):

1. The proceeds of the Bonds are being used to finance the acquisition of sites and the acquisition, construction, and equipping of three new schools and the renovation, expansion and improvement of certain existing schools (collectively, the "Project"), to pay a portion of the interest due on the Bonds during the period of acquisition and construction of the Project and to pay costs of issuance of the Bonds. The accrued interest on the Bonds (\$177,017.40) will be deposited with the West Virginia Municipal Bond Commission and used to pay a portion of the interest on the Bonds on the first interest payment date, being November 1, 2004. The remaining proceeds of the Bonds in the amount of \$50,010,606.25 (the "Net Sale Proceeds") will be deposited in a project construction fund (the "Construction Fund") and, together with earnings thereon, expended solely for payment of costs of the Project, payment of a portion of interest due on the Bonds on November 1, 2004 and May 1, 2005 and payment of costs of issuance of the Bonds.

2. Due to the large number of construction contracts included within the Project and the substantial period of time needed to negotiate and acquire properties necessary for the Project, the Issuer and the Architect reasonably expect that it will take more than 3 years, but not more than 5 years, from the date of delivery of the Bonds (May 26, 2004, the "Issue Date") to fully complete the Project.

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

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

5. The Issuer and the Architect reasonably expect that the Issuer will expend at least 85% of the Net Sale Proceeds and earnings thereon for costs of the Project

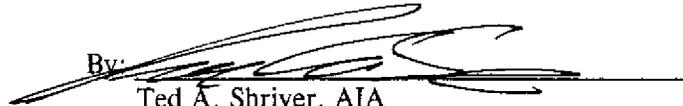
within 5 years of the Issue Date as shown on the Estimated Construction Draw Schedule attached hereto as **EXHIBIT A - ESTIMATED CONSTRUCTION DRAW SCHEDULE**, and incorporated by reference herein.

WITNESS our respective signatures this May 26, 2004.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: 
Its-President

WILLIAMSON SHRIVER GANDEE ARCHITECTS

By: 
Ted A. Shriver, AIA
Its Vice President

05/24/04
613760.00005

EXHIBIT A
Estimated Draw Schedule

Date	Estimated Principal Draw	Est. Interest Earnings @ 2.00%	Estimated Interest Draw	Estimated Interest Balance	Estimated Balance
7/1/04					\$ 48,900,000
8/1/04	\$ 694,016	\$ 81,500	\$ -	\$ 81,500	\$ 48,287,484
9/1/04	\$ 1,144,366	\$ 80,889	\$ -	\$ 162,389	\$ 47,224,007
10/1/04	\$ 2,311,990	\$ 79,524	\$ -	\$ 241,913	\$ 44,991,541
11/1/04	\$ 1,691,139	\$ 76,203	\$ -	\$ 318,116	\$ 43,376,605
12/1/04	\$ 1,545,514	\$ 73,895	\$ -	\$ 392,011	\$ 41,904,986
1/1/05	\$ 1,853,592	\$ 71,814	\$ -	\$ 463,825	\$ 40,123,208
2/1/05	\$ 1,640,964	\$ 69,206	\$ -	\$ 533,031	\$ 38,551,450
3/1/05	\$ 1,670,756	\$ 66,934	\$ -	\$ 599,965	\$ 36,947,628
4/1/05	\$ 3,529,849	\$ 64,598	\$ -	\$ 664,563	\$ 33,482,377
5/1/05	\$ 1,926,914	\$ 59,148	\$ -	\$ 723,711	\$ 31,614,611
6/1/05	\$ 1,998,334	\$ 56,332	\$ -	\$ 780,044	\$ 29,672,609
7/1/05	\$ 2,215,792	\$ 53,379	\$ -	\$ 833,423	\$ 27,510,196
8/1/05	\$ 1,762,887	\$ 50,044	\$ -	\$ 883,466	\$ 25,797,353
9/1/05	\$ 1,251,426	\$ 47,441	\$ -	\$ 930,907	\$ 24,593,368
10/1/05	\$ 1,339,486	\$ 45,673	\$ -	\$ 976,580	\$ 23,299,555
11/1/05	\$ 1,322,125	\$ 43,746	\$ -	\$ 1,020,326	\$ 22,021,176
12/1/05	\$ 1,586,994	\$ 41,836	\$ -	\$ 1,062,162	\$ 20,476,018
1/1/06	\$ 1,624,463	\$ 39,471	\$ -	\$ 1,101,633	\$ 18,891,026
2/1/06	\$ 1,304,625	\$ 37,028	\$ -	\$ 1,138,661	\$ 17,623,428
3/1/06	\$ 1,427,075	\$ 35,102	\$ -	\$ 1,173,763	\$ 16,231,454
4/1/06	\$ 1,670,963	\$ 32,958	\$ -	\$ 1,206,721	\$ 14,593,450
5/1/06	\$ 1,844,914	\$ 30,394	\$ -	\$ 1,237,115	\$ 12,778,929
6/1/06	\$ 1,380,575	\$ 27,523	\$ -	\$ 1,264,638	\$ 11,425,877
7/1/06	\$ 1,130,674	\$ 25,406	\$ -	\$ 1,290,044	\$ 10,320,609
8/1/06	\$ 1,464,544	\$ 23,692	\$ -	\$ 1,313,736	\$ 8,879,757
9/1/06	\$ 933,705	\$ 21,410	\$ -	\$ 1,335,146	\$ 7,967,461
10/1/06	\$ 985,594	\$ 19,997	\$ -	\$ 1,355,143	\$ 7,001,864
11/1/06	\$ 985,594	\$ 18,488	\$ -	\$ 1,373,631	\$ 6,034,758
12/1/06	\$ 679,575	\$ 16,969	\$ -	\$ 1,390,601	\$ 5,372,152
1/1/07	\$ 799,594	\$ 15,950	\$ -	\$ 1,406,551	\$ 4,588,508
2/1/07	\$ 639,675	\$ 14,725	\$ -	\$ 1,421,276	\$ 3,963,557
3/1/07	\$ 825,494	\$ 13,757	\$ -	\$ 1,435,033	\$ 3,151,820
4/1/07	\$ 739,675	\$ 12,473	\$ -	\$ 1,447,506	\$ 2,424,618
5/1/07	\$ 579,757	\$ 11,324	\$ -	\$ 1,458,831	\$ 1,856,186
6/1/07	\$ 397,355	\$ 10,434	\$ -	\$ 1,469,265	\$ 1,469,265
7/1/07	\$ -	\$ 9,841	\$ 419,838	\$ 1,059,268	\$ 1,059,268
8/1/07	\$ -	\$ 7,095	\$ 579,757	\$ 486,607	\$ 486,607
9/1/07	\$ -	\$ 3,259	\$ 356,286	\$ 133,560	\$ 133,560
10/1/07	\$ -	\$ 895	\$ 134,475	\$ (0)	\$ -

* The Board's Series 2004 Bonds interest payments of \$1,274,525 on November 1, 2004 and \$1,274,525 on May 1, 2005 will be payable from: 1) accrued interest deposited with the trustee of \$177,017 on May 26, 2004, 2) available estimated tax collections of \$300,000 by November 1, 2004 and \$300,000 by May 1, 2005, and 3) approximately \$800,000 drawn from the Agreement on October 1, 2004, and \$950,000 on April 1, 2005.

At 2:25 P.M., Melanie Ostrander left the Board of Canvassers.

At 2:25 P.M., the Board of Canvassers began the signing of the Ballot Envelopes for the October 4, 2003, School Board – Special Levy Election.

At 2:34 P.M., Jacob Mullett, School Board Member and Representative, left the Board of Canvassers.

At 2:54 P.M., the Tally Clerks and all helpers for the Board of Canvass left.

The Board of Canvassers unanimously agreed to recess at 2:55 P.M. until Tuesday, October 14, 2003 at 1:00 P.M.

SCHOOL BOARD – SPECIAL LEVY ELECTION – OCTOBER 4, 2003

MEETINGS OF THE BOARD OF CANVASSERS

TUESDAY, OCTOBER 14, 2003

PRESENT: MONONGALIA COUNTY COMMISSION PRESIDENT –
 Asel Kennedy
MONONGALIA COUNTY COMMISSION MEMBERS – Robert Bell
 and John W. Pyles
MONONGALIA COUNTY CLERK – Michael A. Oliverio
DEPUTY CLERKS FROM THE COUNTY CLERK'S OFFICE – Betty
 Tennant, April Davies, Rennetta McClure, Jodi Maraney and Janet Lowe
SCHOOL BOARD MEMBERS AND REPRESENTATIVES – Joe
 Statler, Barbara Parsons, Michael Yura and Jacob Mullett
TALLY CLERKS – Carlene Hagar and Norma Coffindaffer

The Board of Canvassers reconvened at 1:00 o'clock P.M. on Tuesday, October 14, 2003, in Room Number 103, Voters Registration, of the Monongalia County Courthouse to review the Early Vote – Provisional (Challenge) and Not Challenged ballots and to make a decision whether to allow or disallow them.

At 1:07 P.M. Michael A. Oliverio, Monongalia County Clerk, administered the oath of office to Barbara Parsons and Michael Yura, Representatives, Board of Education.

At 1:16 P.M. Robert Bell, Member, Monongalia County Commission, arrived.

A motion was duly made by Commissioner Bell, seconded by Commissioner Pyles, and unanimously carried to allow sixteen (16) non-challenge Early Vote ballots; to allow the three (3) Early Vote ballots not processed on election day by Precinct 72; to allow thirty-eight of the thirty nine challenge Early Vote ballots and to disallow one; and, to approve the allow / disallow worksheets as presented in Exhibit B (alphabetical order) and Exhibit C (Precinct Number order). All of the Early Vote – Challenge and Not Challenge Ballots are displayed in Exhibit A.

At 1:30 P.M., the Board of Canvass began numbering the 215 allowed ballots to be added to the election unofficial results. As each ballot was opened, numbered, separated from its envelope and shuffled (by Michael Yura, Commissioner Asel Kennedy, Jodi Maraney, Deputy Clerk, and Janet Lowe, Deputy Clerk), it was sent over to a tally board - Commissioner Bell, Barbara Parsons, Joe Statler, Norma Coffindaffer, Carlene Hagar and Jacob Mullett to tally the yes / no votes.

At 2:45 P.M. the yes / no votes were added to the unofficial results as follows in Exhibit D. Please note one ballot was blank when tallying.

The results of the two hundred fifteen (215) allowed challenged ballots were as follows:

YES	NO	NO VOTE / BLANK FORM
151	63	1

At 2:45 P.M. the Board of Canvassers unanimously agreed to seal and sign the envelopes remaining and the challenge ballot envelopes with the ballots inside.

At 2:45 P.M. the Board of Canvassers completed the signing of the Ballot Envelopes for the October 4, 2003, School Board – Special Levy Election.

At 2:45 P.M. on Tuesday, October 14, 2003, the Board of Canvassers unanimously agreed to declare the final results, including challenge ballots, of the October 4, 2003 School Board – Special Levy Election, as presented in Exhibit D with a total as follows:

YES	NO
8,127	2,973

The Board of Canvassers unanimously agreed to recess at 2:45 P.M. after the final results were declared and to reconvene on Friday, October 17, 2003 at 9:00 A.M. to certify the election results of the October 4, 2003, School Board – Special Levy Election.

SCHOOL BOARD – SPECIAL LEVY ELECTION – OCTOBER 4, 2003

MEETINGS OF THE BOARD OF CANVASSERS

FRIDAY, OCTOBER 17, 2003

PRESENT: MONONGALIA COUNTY COMMISSION PRESIDENT –
Asel Kennedy
MONONGALIA COUNTY COMMISSION MEMBERS – Robert Bell
and John W. Pyles
MONONGALIA COUNTY CLERK – Michael A. Oliverio
DEPUTY CLERKS FROM THE COUNTY CLERK’S OFFICE – April
Davies, Renetta McClure, Janet Lowe, Brandon DeWitt and Melanie
Ostrander
SCHOOL BOARD MEMBERS AND REPRESENTATIVES – Nancy
Walker, Stephen L. Cook, Barbara Parsons and Jacob Mullett

The Board of Canvassers convened at 9:00 o’clock A.M. on Friday, October 17, 2003, in Room Number 103, Voters Registration, of the Monongalia County Courthouse, to officially certify the results of the School Board – Special Levy Election.

The Board of Canvassers unanimously agreed to officially certify the results of the October 4, 2003, School Board – Special Levy Election at 9:00 o’clock A.M. on Friday, October 17, 2003. The final certified results were as follows:

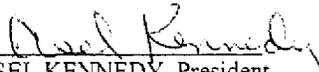
YES	NO
8,127	2,973

ELECTION PRECINCT RECORD

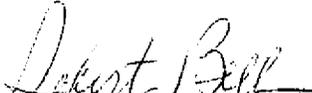
32

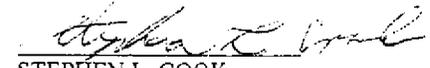
DAYTON LEGAL BLANK, INC.

The Board of Canvassers unanimously agreed to adjourn Sine Die at 9:08 o'clock A.M.


ASEL KENNEDY, President

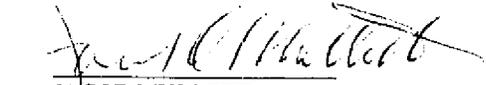

NANCY WALKER,
School Board Member and
Representative

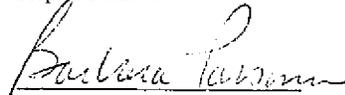

ROBERT BELL, Member


STEPHEN L. COOK,
School Board Member and
Representative


JOHN W. PYLES, Member


JOE STATLER,
School Board Member and
Representative


JACOB MULLETT,
School Board Member and
Representative


BARBARA PARSONS,
School Board Member and
Representative

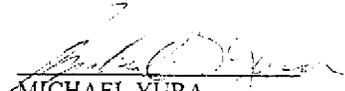

MICHAEL YURA,
School Board Member and
Representative

EXHIBIT A

**ABSENTEE CHALLENGE BALLOT RECORD
OCTOBER 4, 2003, SPECIAL ELECTION**

NAME	PRECINCT	REASON FOR CHALLENGE	ALLOWED?	REASON ALLOWED/DISALLOWED
ALSIP, DOROTHY #2020	36	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
BACAJ, ERIC #2029	79B	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
BENDERS, KATHERINE M #2015	31	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
BERNING, DOLLIE #2019	38	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
BOEGEHOLD, LINDSEY M #7A	77A	ABSENTEE NOT CHALLENGE	YES	ABSENTEE NOT CHALLENGE
BOKEY, HELEN #2038	88	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
BURKLE, MARY #2023	69	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
CASTEEL, HAZEL H #2021	61A	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
CLISE, DORIS M #2011	25	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
CLISE, JACK M #2012	25	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
COLE, LOTTIE V #2016	31	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
COOVER, MULLEN O #15A	90	ABSENTEE NOT CHALLENGE	YES	ABSENTEE NOT CHALLENGE
CRAMER, NANCY W #2009	23	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	SIGNED AFFIDAVIT ENCLOSED IN ENVELOPE
EDLIN, HELEN D #12A	83A	ABSENTEE NOT CHALLENGE	YES	ABSENTEE NOT CHALLENGE
FLETCHER, LAURA #2032	83A	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
FORMAN, CLYDE C #2033	83A	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
GORMAN, SARAH K #2026	77A	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
GUMINEY, HENRY W #2017	33	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED
HARRISON, JACQUELINE #13A	84	ABSENTEE NOT CHALLENGE	YES	ABSENTEE NOT CHALLENGE
HARTLEY, EMMA V #2037	87A	NO SIGNITURE ON ABSENTEE ENVELOPE	YES	APPLICATION SIGNED

CERTIFICATE OF VALUATION

Board of Education

Monongalia

(Levy Body)

(County)

TO:

Michael Vetere, Superintendent of Schools

(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for the assessment year 2003

	<u>Column A</u> Assessed Value Including Back Tax And New Property (Total)	<u>Column B</u> All Other Exempt Value (excluding P U)	<u>Column C</u> Gross Assessed (Col A Plus Col B)	<u>Column D</u> Homestead Exempt Value	<u>Column E</u> Assessed Valuation For Tax Purposes (w/o Homestead & Exempt) (Col A Minus Col D)
Class I					
Personal Property	3,250,888	0	3,250,888		3,250,888
Public Utility Property	0	0	0		0
Total Class I	3,250,888	0	3,250,888		3,250,888
Class II					
Real Estate	1,029,001,410	246,470	1,029,247,880	102,569,402	926,432,008
Personal Property	18,544,350	0	18,544,350	2,436,373	16,107,977
Total Class II	1,047,545,760	246,470	1,047,792,230	105,005,775	942,539,985
Class III					
Real Estate	435,718,780	77,537,510	513,256,290		435,718,780
Personal Property	427,719,036	0	427,719,036		427,719,036
Public Utility Property	201,175,716	0	201,175,716		201,175,716
Total Class III	1,064,613,532	77,537,510	1,142,151,042		1,064,613,532
Class IV					
Real Estate	323,790,330	139,872,100	463,662,430		323,790,330
Personal Property	177,827,165	0	177,827,165		177,827,165
Public Utility Property	38,637,227	0	38,637,227		38,637,227
Total Class IV	540,254,722	139,872,100	680,126,822		540,254,722
TOTAL FOR LEVYING BODY	2,655,664,902	217,656,080	2,873,320,982	105,005,775	2,550,659,127

Given under our hands this 28th day of February, 2003

Michael G. Owens
County Clerk

Robert Pyle
Assessor

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

When completed, submit original copy to the levying body, printed copy to the Department of Tax and Revenue, Property Tax Division, P.O. Box 2389, Charleston, WV 25328-2389, printed copy to the State Auditor's Office, Chief Inspector Division, 1900 Kanawha Blvd E, Bldg 1, Room W-420, Charleston, WV 25305, and retain a printed copy for your office file. Only a printed copy of the Board of Education page should be forwarded to the State Department of Education.

Original signed copy - Levying Body
Photocopy - Tax Dept.

Photocopy - Auditor's Office
Photocopy - Retain

Photocopy - Board of Ed. Only - State Dept. of Education

Certificate of Bonded Indebtedness

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

CERTIFICATE OF BONDED INDEBTEDNESS

I, NANCY A. WALKER, President of the Board of Education of Monongalia County, hereby certify that the Monongalia County School District had outstanding bonded indebtedness of \$7,457,108 as of July 14, 2003, the date on which said Board entered an order submitting the question of issuance of \$50,000,000 Public School Bonds to an election (which election was held October 4, 2003, and resulted in approval of the voters of Monongalia County School District of issuance of such Bond).

I hereby further certify that the Monongalia County School District has outstanding bonded indebtedness of \$3,865,582 as of the date hereof, exclusive of its Public School Bonds, Series 2004, issued and delivered on the date hereof in the aggregate principal amount of \$50,000,000.

I hereby further certify that the assessed valuation of taxable property in Monongalia County School District as of July 14, 2003, was \$2,550,659,127 and 5% thereof is \$127,532,956, and that the total outstanding bonded indebtedness of Monongalia County School District on the date hereof is \$53,865,582.

WITNESS my signature and the seal of said Board on this May 26, 2004.

By: Nancy A Walker
President

05/24/04
613760.00005

Purchaser's Certificate

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

PURCHASER'S CERTIFICATE

The undersigned, MICHAEL J. COCCHIOLA, Syndicate Specialist of Merrill Lynch & Company, as purchaser (the "Purchaser") of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. At least 10% of the Bonds have been the subject of an initial offering and sale to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Official Form of Proposal dated May 12, 2004, by the Purchaser and accepted by The Board of Education of The County of Monongalia West Virginia (the "Issuer"), at prices no higher than or yields no lower than, those shown on the inside cover of the Official Statement, dated May 12, 2004, relating to the Bonds, including interest accrued on the Bonds from May 1, 2004 to the date of delivery thereof. We have made a bona fide public offering of all Bonds at the public offering price of \$50,271,106.25.

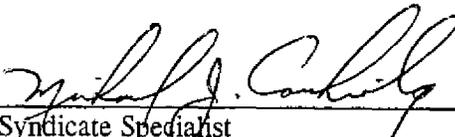
2. As calculated by us, the weighted average maturity of the Bonds is 18.3898 years, the net interest cost on the Bonds is 5.01920%, the yield on the Bonds is 5.00362% and the issue price of the Bonds is \$50,271,106.25.

3. The present value of the premium paid to MBIA Insurance Corporation to issue a policy of municipal bond insurance to insure payment of principal of and interest on the Bonds when due, is less than the present value of interest reasonably expected to be saved as a result of insuring the Bonds.

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

Dated: May 26, 2004.

MERRILL LYNCH & COMPANY

By: 
Its Syndicate Specialist

05/24/04
613760.00005

Certificate of Registrar

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

CERTIFICATE OF REGISTRAR

The undersigned Kathy Smith, Vice President
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 Directing Issuance
of Bonds of The Board of Education of the County of Monongalia (West Virginia) (the
"Issuer") adopted February 24, 2004, as supplemented and amended (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 capacities of Registrar under the Resolution.

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

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

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

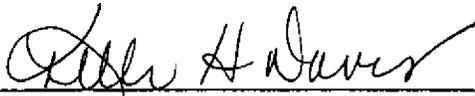
<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Kathy Smith</u>	Vice President & Trust Officer	<u>Kathy Smith</u>

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 May 26, 2004.

UNITED BANK, INC.

By: 
Its Vice President and Trust Officer

05/17/04
613760.00005

EXHIBIT A

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

<u>Bond No.</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
R-1	\$ 905,000	2006	6.00%	610219 BH 9
R-2	945,000	2007	6.00	610219 BJ 5
R-3	990,000	2008	6.00	610219 BK 2
R-4	1,035,000	2009	6.00	610219 BL 0
R-5	1,085,000	2010	6.00	610219 BM 8
R-6	1,135,000	2011	6.00	610219 BN 6
R-7	1,190,000	2012	4.00	610219 BP 1
R-8	1,245,000	2013	5.00	610219 BQ 9
R-9	1,300,000	2014	5.00	610219 BR 7
R-10	1,360,000	2015	5.00	610219 BS 5
R-11	1,425,000	2016	5.00	610219 BT 3
R-12	1,490,000	2017	5.00	610219 BU 0
R-13	1,560,000	2018	5.00	610219 BV 8
R-14	1,635,000	2019	5.00	610219 BW 6
R-15	1,710,000	2020	5.00	610219 BX 4
R-16	1,790,000	2021	5.00	610219 BY 2
R-17	1,870,000	2022	5.00	610219 BZ 9
R-18	1,960,000	2023	5.00	610219 CA 3
R-19	2,050,000	2024	5.00	610219 CB 1
R-20	2,145,000	2025	5.00	610219 CC 9
R-21	2,245,000	2026	5.00	610219 CD 7
R-22	2,350,000	2027	5.00	610219 CE 5
R-23	16,580,000	2033	5.00	610219 CL 9
	<u>\$50,000,000</u>			

Certificate of Paying Agent

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

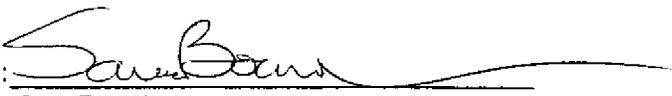
CERTIFICATE OF PAYING AGENT

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

1. I am the duly appointed Acting Executive Director of the Bond Commission.
2. The Bond Commission has duly authorized, by all necessary action, the acceptance of all duties of the Paying Agent for the above-captioned Bonds (the "Bonds") under the Resolution and Order pursuant to which they were issued, dated February 24, 2004, as supplemented.

WITNESS my signature this May 26, 2004.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: 
Sara Boardman
Acting Executive Director

05/17/04
613760.00005

Rule 15c2-12 Certificate

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

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

The undersigned NANCY A. WALKER, hereby certifies and represents to Merrill Lynch & Company (the "Original Purchaser") that she is the duly elected and acting President of THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (West Virginia) (the "Board"), authorized to execute and deliver this Certificate and further certifies on behalf of the Board to Ferris, Baker Watts, Incorporated (the "Financial Advisor") as follows:

(1) This Certificate is delivered to enable the Financial Advisor and the Original Purchaser to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the issuance of The Board of Education of the County of Monongalia (West Virginia) Public School Bonds, Series 2004 (the "Bonds").

(2) In connection with the issuance of the Bonds, there has been prepared a Preliminary Official Statement, dated April 27, 2004, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of this May 26,
2004.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: Mancey A Walker
President

05/17/04
613760.00005

May 26, 2004

\$50,000,000
The Board of Education of the County of Monongalia (West Virginia)
Public School Bonds, Series 2004

The Board of Education of the
County of Monongalia
Beckley, West Virginia

MBIA Insurance Corporation
Armonk, New York

Merrill Lynch & Co.
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of \$50,000,000 Public School Bonds, Series 2004 (the "Bonds"), of Monongalia County School District, by and through The Board of Education of the County of Monongalia, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated May 1, 2004, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of \$5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2004, at the rates set forth in the Official Statement of the Issuer, dated May 12, 2004. The Bonds are subject to redemption prior to maturity as set forth in the Official Statement and in the Bonds.

The Bonds were authorized at an election held in Monongalia County School District on January 10, 2004, and by a resolution and order adopted by the Issuer on January 27, 2004, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction and equipping of new public school facilities in Monongalia County School District, paying interest on the Bonds during acquisition and construction of such facilities and paying costs of issuance of the Bonds.

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

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

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

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Monongalia County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount. The Issuer has outstanding its Public School Refunding Bonds, Series 1999, dated May 1, 1999, originally issued in the aggregate principal amount of \$19,689,625 and currently outstanding in the aggregate principal amount of \$3,865,582, payable on a parity from the same sources as the Bonds.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date

The Board of Education of the County of Monongalia, et al.
Page 3

of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds except as expressly set forth as paragraph 5.

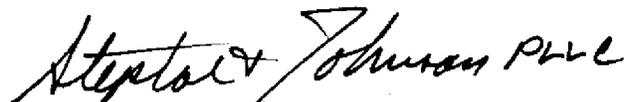
4. Under the Act, the Bonds are exempt from all taxation by the State of West Virginia or by any political subdivision thereof.

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

05/24/04
613760.00005

Opinion of General Counsel

May 26, 2004

\$50,000,000

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

The Board of Education of the
County of Monongalia
Morgantown, West Virginia

Stephoe & Johnson PLLC
Charleston, West Virginia

Merrill Lynch & Company
New York, New York

MBIA Insurance Corporation
Armonk, New York

Ladies and Gentlemen:

We are counsel to the Board of Education of the County of Monongalia (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"). Any capitalized terms used herein and not defined shall have the meanings set forth in the Resolution and Order Directing Issuance of Bonds, duly adopted by the Issuer on July 14, 2003, as supplemented and amended (the "Resolution").

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), the Resolution, the Preliminary Official Statement dated April 27, 2004, and the Official Statement dated May 12, 2004, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

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

carry out, give effect to and consummate the transactions contemplated by the Bonds, the Resolution and the Official Statement.

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

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

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

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

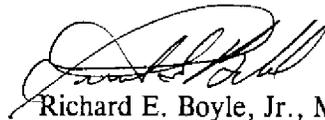
6. No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to our knowledge, threatened in any way questioning or affecting the existence of the Issuer, or the titles of the officers and members of the Issuer to their respective offices, challenging the validity of the election held October 4, 2003, whereby

the voters of Monongalia County, West Virginia, approved issuance of the Bonds and acquisition and construction of the Project, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the collection or application of the ad valorem taxes of Monongalia County, West Virginia and any other assets pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or any action of the Issuer contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or contesting the powers or authority of the Issuer, with respect to the issuance, sale or delivery of the Bonds, the adoption of the Resolution, or the execution and delivery of the Bonds, or any action on the part of the Issuer which would adversely affect the exemption of interest to be paid on the Bonds from federal income taxation, nor to my knowledge is there any basis therefor.

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

Very truly yours,

KAY CASTO & CHANEY PLLC



Richard E. Boyle, Jr., Member

MONONGALIA COUNTY SCHOOLS
MORGANTOWN, WEST VIRGINIA 26501

MINUTES

The Board of Education of the County of Monongalia met in regular session on Tuesday, July 14, 2003, at 6:00 P.M., at the Administrative Office Board Room, 13 South High Street, Morgantown, West Virginia, with the following members present:

Board Members Present:

Nancy A. Walker, President
Dr. Michael T. Yura, Vice-President (participated by telephone)
Stephen L. Cook
Dr. Barbara L. Parsons
Joseph C. Statler

Administrative Staff Present:

Dr. Michael J. Vetere, Jr., Superintendent
Jacob D. Mullett, Assistant Superintendent
W. Terry Hawkins, Chief School Financial Officer/Treasurer
Dr. Louis J. Hlad, Director of Certification
DeEdra Lundeen, Director of Special Education
Irv Schuetzner, Director of Transportation
Daniel McGinnis, Manager of Human Resources
Vince Collins, Bond Counselor

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

President Walker called the meeting to order and requested Vince Collins lead those present in the Pledge of Allegiance.

DELEGATIONS:

President Walker offered an opportunity for anyone present to address the Board as an individual and/or delegation. No one came forward to speak.

IN MEMORIAM:

President Walker called for a moment of silence in memory of Gloria Rose Whieldon (died July 10, 2003), former administrative assistant to several superintendents in Monongalia County with twenty-five years of service upon retirement; and Martha E. Haley (died July 11, 2003), former cook at Ridgedale Elementary School.

AWARDING OF CONTRACT:

Roof Replacement – Administrative Office Building

Upon the recommendation of Superintendent Vetere, Board Member Cook offered a motion to award the contract for roof replacement at the Administrative Office Building to Tri-State Roofing based upon the low bid of \$41,170. The motion was seconded by Board Member Statler and passed unanimously.

REPORTS/DISCUSSION FOLLOW-UP/ACTION:

Approval of Call for the October 4th Bond Referendum

Superintendent Vetere discussed the process in the development of the bond call and the changes incorporated in the final document. He called upon Vince Collins, Bond Counselor to review the call with the Board.

Mr. Collins noted that approval of the call set the election in motion for October 4, 2003. He reviewed the call discussing interest rates, levy rates, projects and the term of the bond.

Mr. Collins explained the incorporation of the School Building Authority of West Virginia grant of \$12 million for the University High School project, stating that this is normal procedure of tying SBA grants to the passage a bond in a county. He stated that in his opinion, this was the best way to proceed and that the SBA recommends this plan. He noted the SBA looks favorably upon counties that are willing to support local schools. He reported the SBA would announce its grants sometime in December 2003.

Following the review and discussion and upon the recommendation of Superintendent Vetere, Board Member Cook offered a motion to approve the Call for the October 4th, 2003 school bond election. The motion was seconded by Board Member Statler and passed unanimously.

POLICY MATTERS:

Policy JE/Attendance – Second Reading

Superintendent Vetere explained the changes in Policy JE/Attendance were to be in compliance with the state policy. He further stated that the comments received were not favorable to eliminating final exams in lieu of attendance.

Following the review, Board Member Statler offered a motion to adopt Policy JE/Attendance on second reading. Board Member Cook seconded the motion that carried unanimously. Said policy will be distributed to all schools and offices.

Policy ICAA/Student Grading System – First Reading

Superintendent Vetere explained Policy ICAA/Student Grading System on first reading. President Walker questioned weighted grades noting that the concept was not addressed in the proposed policy. Superintendent Vetere stated that the policy would be sent out for public comment, if approved, and the administration would investigate the matter more fully with the policy committee and report back to the Board prior to the second reading.

Following the discussion, Board Member Cook moved to approve Policy ICAA/Student Grading System on first reading. The motion was seconded by Board Member Statler and passed unanimously. Said policy will be sent out for public comment prior to final approval by the Board.

Revision of Section I/ Foundation and Basic Commitments – Policy Manual

The Board reviewed the revision of Section I/Foundation and Basic Commitments of the Policy Manual. Following a brief discussion on the difference of the labeling of policies and upon the recommendation of Superintendent Vetere, Board Member Statler offered a motion to approve the revisions of Section I of the policy manual on first reading. The motion was seconded by Board Member Cook and carried. Section I will be distributed for public comment prior to final adoption by the Board.

CONSENT AGENDA:

Upon the recommendation of Superintendent Vetere, a motion to approve the consent agenda by offered by Board Member Statler, seconded by Board Member Cook and passing unanimously. Items approved as follows:

Expenditures Exceeding \$3,000

1. Approval of bid for Technology Education equipment at Clay-Bartelle. \$92,372.00
VENDOR: Diversified Educational Systems/Synergistic
Berryville, VA 22611
FUNDING SOURCE: 2003-2004 Technology Levy Allocation

2. Approval of WVSBA dues for fiscal year 2004. 5,499.00
VENDOR: WVSBA
Charleston, WV 25324
FUNDING SOURCE: General Funds

3. Approval to refinish gym floors. 23,500.00
VENDOR: Select Hardwood Floor
Grafton, WV 26354
FUNDING SOURCE: Maintenance Levy

4. Approval of contract for Summer Afternoon Program. 30,000.00
VENDOR: BoParc
Morgantown, WV 26505
FUNDING SOURCE: Kaliedoscope

5. Approval of Clerk of the Works Contract. 60,000.00
VENDOR: Vaughn Vakulick
Point Marion, PA 15474
FUNDING SOURCE: Permanent Improvement Funds
Capital Projects Funds

6. Approval of payment for 2003 license and maintenance fees and multi-bus transfer software. 7,597.00
VENDOR: Education Logistics
Missoula, MT 59808
FUNDING SOURCE: Transportation Levy

Student Transfer Requests

Student: Kerri Ann Acheson, from Marion County Schools to Monongalia County Schools

Parent: Craig J. Acheson, Rt. 3, Box 170-D, Grafton, WV 26354

Student: Brandon E. Skidmore, from Preston County Schools to Monongalia County Schools

Parent: Stephanie Skidmore, Rt. 1, Box 134, Bruceton Mills, WV 26525

Application for State and Federal Entitlement Funds for Students with Exceptionalities

Approved the State and Federal Entitlement Funds for Students with Exceptionalities for the School Year 2003-2004 in the amount of \$1,762,965.

Approval of Minutes

Approved the minutes of the regular meeting held on June 10, 2003.

PERSONNEL MATTERS:

Upon the recommendation of Superintendent Vetere, Board Member Parsons offered a motion to approve the personnel list. The motion was seconded by Board Member Cook and passed unanimously.

PROFESSIONAL PERSONNEL

PROFESSIONAL APPOINTMENTS:

Cheesebrough, Pete, Teacher, Science, Physics, Chemistry 9-12 (200 Days Full-time), Morgantown High School, effective 8/21/03 Job # 2003-444

Cooper, Matt, Teacher, MI/Severe Profound (200 Days Full-time), Morgantown High School, effective 8/21/03 Job # 2003-401

Foster, Julie, Teacher, Social Studies (200 Days Full-time), Clay Battelle Jr./Sr. High School, effective 8/21/03 Job # 2003-362

Hoffman, Jeff, Teacher, Multi-Subject 6-8 (200 Days Full-time), Cheat Lake Middle School, effective 8/21/03 Job # 2003-398

Huntoon, Ann, Teacher, Gifted K-5 (200 Days Full-time), Mountainview Elementary School, effective 8/21/03 Job # 2003-360

McMorrow, Mary, Teacher, English (200 Days Half-Time), Morgantown High School, effective 8/21/03 Job # 2003-347

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PERSONNEL MATTERS, continued

PROFESSIONAL APPOINTMENTS, continued

Shaffer, Erika, Teacher, Gifted (200 Days Full-time), Itinerant (Homebase-Cheat Lake Elementary School), effective 8/21/03 Job # 2003-446

Wyant, Jamie, Teacher, Kindergarten (200 Days Full-time), Mountainview Elementary School, effective 8/21/03 Job # 2003-311

Yohn, Brenda, Headstart Family Services Specialist (210 Days Full-time), Itinerant at Child Care Centers, effective 8/14/03 Job # 2003-452

PROFESSIONAL LEAVE OF ABSENCE:

Teets, Lisa, Teacher (200 Days Full-time) at University High School, requests a Maternity Leave of Absence from approximately 9/29/03 through 10/24/03

PROFESSIONAL SUBSTITUTE TEACHERS:

Bogges, Roy	Jordan, Connie	Phares, Susan
Clendenin, Mary Anne	Newhouse, Lori	Trickett, Sharon
Hixenbaugh, Amanda	Smola, Sharon	Patton, Rachelle
Hass, Vicki	Howdershelt, Pamela	
Chambers, Jay	Chedester, Christan	

PART-TIME CONSULTANT:

Haslebacher, Susan, Part-time Consultant, Licensed Practical Nurse, Clinical Rotations, \$ 18.00 per hour, June 2003 through August 2004

SERVICE PERSONNEL

Gillispie, Mary, Custodian III (200 Days Half-time) (Wednesday through Sunday), (2:30 p.m. – 6:00 p.m.) Westwood Middle School, effective 8/21/03 Job # 2003-447

Lemasters, Jesse, Custodian, Summer Position (Half-time 12:00 p.m. – 3:30 p.m. Mon. thru Fri.), Summer School, University High School effective 6/30/03 – 8/4/03

Marshall, Jr., Gerald, Summertime Extra Duty Grass Cutting Crew Member, Maintenance, \$ 10 per hr., effective 6/25/03 – 10/12/03 (This position will work Mon. thru Fri. (No more than 40 hours per week) 6/25/03 – 8/15/03; then weekends only 8/23/03 – 10/12/03

WORKGROUPS FOUNDATION (Extra-Duty Contact):

Stout, Susan, Cafeteria Manager (Workgroups Foundation), (1:00 p.m. – 8:00 p.m.), Morgantown High School, effective 7/20/03 – 7/26/03 Job # 2003-441

Cook II – Workgroups Foundation 1:00 – 8:00 p.m., Morgantown High School, effective 7/20/03 – 7/26/03 Job # 2003-442:

Gloria Morgan	Sandra Pride
Penny Sims	Louella Weber
Deborah Boggs	

Bissett, Norma, Cafeteria Manager (Workgroups Foundation) (5:00 a.m. – 12:30 p.m.), Morgantown High School, effective 7/20/03 – 7/26/03 Job # 2003-440

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PERSONNEL MATTERS, continued

Cook II – Workgroups Foundation 5:00 a.m. – 12:30 p.m., Morgantown High School, effective 7/20/03 – 7/26/03 Job # 2003-443:

Sandra Alt	Bill Howdershelt
Debra Gunnoe	Frances Tennant
Susan Michael	

SERVICE EXTRA DUTY:

Conley, Mary Jane, Bus Operator, resigns Summertime Bus Operator position, effective 6/30/03

PROFESSIONAL PERSONNEL

PROFESSIONAL APPOINTMENTS:

Forst, James, Principal 9-12 (261 Days Full-time), University High School, effective 8/1/03 Job # 2003-393

Hines, Joanne, Principal K-6 (261 Days Full-time), Mason-Dixon Elementary School, effective 7/15/03 Job # 2003-381

Assistant Principal Position at Brookhaven Elementary School

Superintendent Vetere offered a recommendation that the Assistant Principal position at Brookhaven Elementary School be eliminated. Board Member Statler offered a motion to approve the recommendation of the Superintendent of eliminating the Assistant Principal position at Brookhaven Elementary School. The motion was seconded by Board Member Cook and passed unanimously.

DISCUSSION AND/OR OTHER:

Establish Special Meeting RE: Senate Bill 522 Evaluation

The Board established Wednesday, August 6, 2003 as a special meeting to discuss Senate Bill 522/School Board Effectiveness. Said meeting will be held at 7:00 P.M., at the Administrative Office Board Room, 13 South High Street, Morgantown, West Virginia 26501.

Discussion on the Proposed Bond Issue

Parent Bill Case thanked the Board for its positive work on the Bond.

Parent and Bond Committee Member Sally Kirkpatrick requested information on the School Building Authority of West Virginia grant of \$12 million that is part of the bond call. Superintendent Vetere explained the process that has been in practice in West Virginia and endorsed by the SBA and our bond counselor. He stated that SBA encourages counties to pass local bond issues by incorporating SBA grants into the local bond call.

Teacher Jeanne Gren commended the Board for its stand on small elementary schools. She noted that the proposed bond strikes a beautiful balance in this regard.

DISCUSSION AND/OR OTHER, continued

BB&T Educational Minutes

Assistant Superintendent Mullett shared the current BB&T Educational Minute on Monongalia County School with the Board. Some discussion was held on the legality of the screen message of voting for the bond referendum. The administration will look into the matter and report to the Board.

Flood Report

Superintendent Vetere gave the Board a report on the flood damage from recent storms. He noted that Easton Elementary sewage treatment plant was damaged and must be repaired prior to the new school year. He noted that alternatives are being considered at this time as well as some relief from FEMA to repair/replace the plant. He noted that additional information will be reported to the Board for its decision making process.

Superintendent Vetere also reported on water in the lower level of Sabraton Center in the boiler room. He indicated that the Maintenance Department is investigating all areas for damages and seeking solutions when necessary.

TIF/The Square At Falling Run

The Board received information on the TIF plans for the Square At Falling Run. It was reported that this plan would have no effect on levy or bond funds to the Board.

EXECUTIVE SESSION:

Citing a need for an executive session, President Walker questioned the pleasure of the Board? Board Member Cook offered a motion to adjourn into executive session in accordance with West Virginia Code §6-9A-4 Exceptions Subsection 2 & 9. Board Member Statler seconded the motion that passed unanimously. The Board adjourned into executive session at 7:55 P.M.

MEETING RECONVENED:

President Walker reconvened the regular meeting at 8:45 P.M.

ADJOURNMENT:

There being no further business before the Board at this time, Board Member Cook offered a motion to adjourn the regular meeting with Board Member Parsons making the second. The motion carried unanimously. The meeting was adjourned at 8:46 P.M.



President



Secretary

MONONGALIA COUNTY SCHOOLS
MORGANTOWN, WEST VIRGINIA 26501

MINUTES

The Board of Education of the County of Monongalia met in regular session on Tuesday, February 24, 2004, at 6:00 P.M., at the Administrative Office Board Room, 13 South High Street, Morgantown, West Virginia, with the following members present:

Board Members Present:

Nancy A. Walker, President
Stephen L. Cook
Dr. Barbara L. Parsons
Joseph C. Statler

Absent:

Dr. Michael T. Yura, Vice-President

Administrative Staff Present:

Dr. Michael J. Vetere, Jr., Superintendent
Dr. Janice B. Christopher, Assistant Superintendent
Dr. Sharon D. Harsh, Assistant Superintendent
Jacob D. Mullett, Assistant Superintendent
W. Terry Hawkins, Chief School Financial Officer/Treasurer
Dr. Louis J. Hlad, Director of Certification
Irv Schuetzner, Director of Transportation
Daniel McGinnis, Manager of Human Resources
Richard Williams, Assistant Manager of Human Resources
Vaughn Vakulick, Capital Projects Manager

CALL TO ORDER/EXECUTIVE SESSION:

President Walker called the regular meeting to order at 6:00 P.M. Citing a need for an executive session for personnel matters, President Walker questioned the pleasure of the Board? Board Member Parsons offered a motion to adjourn into executive session in accordance with West Virginia Code §6-9A-4 Exceptions Subsection 2. The motion was seconded by Board Member Cook and passed unanimously. The Board adjourned into executive session at 6:04 P.M.

MEETING RECONVENED:

President Walker reconvened the regular meeting at 7:05 P.M.

PLEDGE OF ALLEGIANCE:

President Walker requested Helen Davies lead those present in the Pledge of Allegiance.

DELEGATIONS:

President Walker offered an opportunity for individuals and/or delegations to address the Board. No one appeared to address the Board.

IN MEMORIAM:

President Walker called for a moment of silence in memory of Lucile Mildred Jamison Madeira (died February 12, 2004), former teacher with 35 years of service at the time of her retirement; Frances G. 'Jerri' Simons (died February 12, 2004), former teacher in Monongalia County Schools; Howard Price (died February 18, 2004), former teacher and principal at Wadestown Elementary with 40 years of service; and Pauline Cyrene Hart (died February 20, 2004), a secretary in the Child Nutrition Department for 20 years prior to her untimely death.

REPORTS/DISCUSSION FOLLOW-UP/ACTION:

Issuance of Bond Sale – Vince Collins, Bond Counsel

Bond Counsel Collins shared a Resolution and Order Directing Issuance of Bonds, relating to the \$50 million bond issue passed by the voters of Monongalia County, October 4, 2003. Mr. Collins discussed the bond sale process noting the adoption of the Resolution would set into motion the bond sale in late April or May 2004. He reported the bids would be opened in Charleston at 12:00 noon, with President Walker and Superintendent Vetere present while other Board members would be assembled in an official meeting in Morgantown to accept or reject the bids.

Following the discussion and upon the recommendation of Superintendent Vetere, Board Member Cook offered a motion to adopt the Resolution and Order Directing Issuance of Bonds relating to the \$50,000,000 Public School Bonds to be issued by the Board of Education of the County of Monongalia. The motion was seconded by Board Member Parsons and passed unanimously.

RESA VII Annual Report – Gabriel Devono, Executive Director

Executive Director Devono gave a verbal report on the status and services of RESA VII. He discussed the programs, activities and technology assistance offered by the RESA staff to the member counties. He informed the Board of the RESA Retreat to be held in the spring. He further stated that ideas or suggestions for the retreat would be welcome to assist in delivery of services to the member counties. He thanked the Board for the opportunity to speak.

President Walker thanked Mr. Devono for attending the meeting to share RESA VII information and services with the Board.

Kaleidoscope Report – Lynn Sobolov, Project Coordinator

Project Coordinator Sobolov and Evaluator Alex Lubman of West Virginia University presented a verbal and power point program on Kaleidoscope. Dr. Lubman reported on the very favorable results of a recent survey of student and parents with regard to evaluating the program and shared comments received as part of the survey. Ms. Sobolov introduced the site coordinators, parents and students present. She further reported on seeking grants to assure continuation of the program in the future. She thanked the Board for its support of Kaleidoscope.

President Walker, on behalf of the Board, thanked Ms. Sobolov and Dr. Lubman for keeping the Board informed on Kaleidoscope programs and activities. She commended Lynn for her "National After School Ambassadorship" award and expressed hope for continuation of the program.

REPORTS/DISCUSSION FOLLOW-UP/ACTION, continued

West Virginia State/County Report Card – Betsy Mullett, Coordinator of Guidance & Testing

Coordinator Mullett shared and conducted a review of the West Virginia State/County Report Card for Monongalia County Schools. She indicated upon approval, the report card would be shared with all parents and be published in the Quarter's Worth Newspaper.

Upon the recommendation of Superintendent Vetere, Board Member Statler moved to accept the West Virginia State/County Report Card. The motion was seconded by Board Member Parsons and passed 4-0.

President Walker thanked Coordinator Mullett for her informative review.

Financial Update – Terry Hawkins, Chief School Business Official/Treasurer

Superintendent Vetere reported Mr. Hawkins was not in attendance due to a family illness, but had prepared financial documents to be shared with the Board. He stated that Mr. Hawkins would be presenting a report again in March, to keep the Board informed. He shared the handouts with the Board.

POLICY MATTERS:

Rescind Policy IKEB/Academic Acceleration

Assistant Superintendent Harsh reviewed Policy IKEB/Academic Acceleration and recommended rescinding the policy that is being replaced by a new Policy 8.35/Early Entrance Into Kindergarten. Board Member Statler offered a motion to rescind Policy IKEB/Academic Acceleration. Board Member Cook seconded the motion which carried unanimously.

New Policy 8.35/Early Entrance Into Kindergarten – First Reading

Assistant Superintendent Harsh reviewed Policy 8.35/Early Entrance Into Kindergarten with the Board. She indicated the new policy establishes a window available to apply for early entrance into kindergarten. She reported the principals believe the changes will strengthen the policy.

Following the review, a motion to approve Policy 8.35/Early Entrance Into Kindergarten on first reading was offered by Board Member Cook and seconded by Board Member Statler. The motion carried. Said policy will be distributed for public comment.

CONSENT AGENDA:

Board Member Cook requested Item E of Expenditures Exceeding \$3,000 be removed and voted upon separately. The Board, by consensus, agreed.

Upon the recommendation of Superintendent Vetere, Board Member Parsons offered a motion to approve the consent agenda items with the approved change in the Expenditures Exceeding \$3,000. The motion was seconded by Board Member Statler and passed unanimously. Items approved were as follows:

CONSENT AGENDA, continued

Expenditures Exceeding \$3,000

1. Approval of payment for legal services rendered. 8,000.50

VENDOR: Kay Casto & Chaney, PLLC
Charleston, WV 25327

FUNDING SOURCE: Legal Services Budget

2. Approval to purchase a replacement engine for one school bus. 8,275.00
(Originally approved on 1-29-04; however, approved for wrong part number).

VENDOR: Matheny Motors.
Parkersburg, WV 26102

FUNDING SOURCE: Transportation Budget

3. Approval to purchase Landro Play Analyzer for UHS Football program. 5,030.00

VENDOR: IRIS Technologies, Inc.
Greensburg, PA 15601

FUNDING SOURCE: UHS Football Fundraising Account

4. Approval to purchase one External Facilitator Training and one Principal/Lead Teacher External Facilitator Training. 7,000.00

VENDOR: AEL
Charleston, WV 25325

FUNDING SOURCE: Title I Comprehensive School Reform Grant
Waitman Barbe

5. Purchase and installation of playground equipment at Sabraton Center. 13,577.00

VENDOR: Grounds for Play
Mansfield, TX 76063

FUNDING SOURCE: Headstart

Supplements and Transfers

- I. Negative supplements of (\$43,180.75) within the Special Revenue, Fund, which reflects program/account modifications.
- II. Transfers of \$4,244.75 within the selected account series/programs, which reflects program/account modifications.

CONSENT AGENDA, continued

Supplements and Transfers, continued

III. Transfers of \$171,773.54 within the Special Revenue Fund, which reflects program/account modifications.

IV. Supplement of \$2,000.00 within the Special Revenue Fund, which reflects budgetary establishment of Federal and State Projects.

<u>FUND SERIES</u>	<u>PROGRAM</u>
01300	Step 7
01400	Step 7
11330	ED Dev Budget Digest
11420	Math/Science
11421	Budget Digest
28190	Strength Student Learn
28195	Tobacco Project
28211	Character Education
28304	School Improvement (WB)
28307	WV Science
28308	WV Science
28325	MHS Senior Year Enhance.
28331	Prof. Dev. NCLB
28360	WV Reads Brookhaven
28370	WV Math Brookhaven
28380	WV Math Daybrook
28390	WV Reads Woodburn
28391	WV Math Woodburn
41112	Math Academy
41161	Even Start Title I
41210	Part A
41281	CSRD Riverside
41282	CSRD Riverside
41380	CSR - Waitman Barbe
41480	CSR - Waitman Barbe
42000	Title VI
43110	IDEA Part B County
43120	IDEA Part B Preschool
43310	IDEA Part B School Age
43410	IDEA Part B School Age
49095	Education First
49098	ESL
49100	HIV/AIDS
49101	National Leadership Conf.
49102	Reading Academy
49110	Federal Other
49193	Tech Lit Challenge
49196	Educare
49790	Challenge Grant
49893	Education First WVHTC
49940	HIV/AIDS Peer Ed. Prog.
49992	Education First WVHTC
49997	Field Initiated Prog
50410	Perkins
62331	Adult Part Time (Fees)
69110	State Industrial Arts Cat
80810	Hospitality Ed & Trn Stat
80811	Hospitality Ed & Train
90300	RAZE

CONSENT AGENDA, continued

Student Transfer Requests

Student: Edna Howenstein, from Monongalia County Schools to Marion County Schools

Parent: Shelly Howenstein, Rt. 8, Box 332-C, Fairmont, WV 26554

Student: Teaque Ryan Seccuro, from Monongalia County Schools to Marion County Schools

Parent: James W. Seccuro, 5 Franklin Farms Road, Fairmont, WV 26554

Student Trip Requests

1. Cheat Lake Middle School Student Council to Williamsburg, VA, March 12-14, 2004, to attend the National Student Council Association Conference, with \$300.00 expenses and no substitute service.
2. Morgantown High School DECA Club (18 students) to Charleston, WV, March 13-15, 2004, to attend the State Career Development Conference, with one-half day of substitute service as the only expense to the Board.
3. Morgantown High School Chamber Choir and Show Choir, to Martinsburg, WV for choir ensemble competition, March 19-20, 2004, with no expense to the Board and no substitute service.
4. Morgantown High School Robotics Team (31 students) to Cleveland, OH, March 25-27, 2004, to attend regional robotics competition, with the only expense to the Board one (1) day of substitute service.
5. Cheat Lake Middle School FCCLA Students, to Cedar Lakes, Ripley, WV, March 25-27, 2004, to participate in state competition, with \$83.00 as the only expense to the Board.
6. MTEC Skills USA Club, to Eleanor, WV, March 26-27, 2004, to attend the WV Leadership Skills Conference, with two (2) days of substitute service as the only expense to the Board.
7. MTEC EV Challenge Students, to Raleigh, NC, April 1-3, 2004, to participate in the EV Challenge, with three days of substitute service as the only expense to the Board.

Remission of Portion of "Needs" Grant/School Building Authority

Approved remission of a portion of the 2001 "Needs" grant, in the amount of \$1,510,218.00 to the School Building Authority of West Virginia due to reconfiguration of population for Westwood Elementary School.

DHHR Memorandum of Understanding

Approved a Memorandum of Understanding with the West Virginia Department of Health and Human Resources, effective for one year from approval date (2-24-04), to work cooperatively in taking care of and providing services to children and families.

CONSENT AGENDA, continued

Approval of Minutes

Approved the minutes of the special meeting held on Tuesday, January 20, 2004.

Payment of Salaries and Accounts Payable:

General Current Expenses	\$5,205,423.20
Excess Levy	807,803.21
Federal Programs	1,137,806.58
Capital Projects	4,943.00
Permanent Improvement Fund	666.90
TOTAL	\$7,156,642.89

In giving final approval for payment of salaries and accounts payable for January 2004, the Board hereby authorizes the payment of salaries and accounts payable for February 2004.

President Walker requested a student trip matrix be prepared for the Board's review.

Item E -- Expenditures Exceeding \$3,000 -- Monongalia County Extension Agreement

Upon the recommendation of Superintendent Vetere, Board Member Parsons moved to approve the WVU Monongalia County Extension Agreement with Board Member Statler making the second. The motion passed on a 3-0 vote with Board Member Cook, an employee of West Virginia University, abstaining from the vote.

PERSONNEL MATTERS:

Upon the recommendation of Superintendent Vetere, Board Member Statler offered a motion to approve the personnel list as presented. The motion was seconded by Board Member Cook and carried unanimously.

Professional and Service

PROFESSIONAL APPOINTMENTS:

Ullery, Jennifer, Teacher, Music, Permanent Substitute (Full-time beginning 2/11/04 and ending 6/9/04). This job will terminate at the end of the workday 6/9/04. Mountainview Elementary School, Job # 2004-167

PROFESSIONAL EXTRA DUTY:

Jackson, Brian, Assistant Baseball Coach (Extra Duty Contract), Morgantown High School, \$ 1,700.00 per year + experience increment, effective 3/1/04, Job # 2004-171

Mills, Zachary, Assistant Boys LaCrosse Coach (Extra Duty Contract), Morgantown High School, \$ 1,200.00 per year + experience increment, effective 3/1/04, Job # 2004-127

White, Jason, Assistant Football Coach (Extra Duty Contract), Clay Batteille Jr. High School, \$ 2,000.00 per year + experience increment, effective 8/9/04 Job # 2004-162

PROFESSIONAL SUBSTITUTES:

Cochran, Nancy
Sullivan, Kevin

Wells, Patricia

PERSONNEL MATTERS, continued

PROFESSIONAL LEAVE OF ABSENCE:

Bowen, Dawn, Teacher (200 Days Full-time), Morgantown High School, requests a Medical Leave of Absence beginning 1/21/04 and ending 6/30/04

McCauley, Susan, Teacher (200 Days Full-time), Morgantown High School, requests a Maternity Leave of Absence beginning approximately 3/29/04 and ending approximately 6/9/04

Skeen, Samantha, Teacher (200 Days Full-time), requests an extension of her Maternity Leave of Absence from 3/8/04 – 3/19/04

PROFESSIONAL RESIGNATION:

Beer, Barbara, Teacher (200 Days Full-time), Mountainview Elementary School, resigns effective 6/30/04

Kendziorski, Stacy, Teacher (200 Days Full-time), Riverside Elementary School, resigns effective 6/25/04

PROFESSIONAL RETIREMENT:

Bernot, Betty, School Psychologist (220 Days Full-time), Itinerant (Homebase-Board Office), retires effective 6/30/04

Buchman, Carolyn, Teacher (200 Days Full-time), Brookhaven Elementary School, retires effective 6/9/04

Byrd, Nancy, Teacher (200 Days Full-time), Morgantown High School, retires effective 6/30/04

Cain, Elizabeth, Teacher (200 Days Full-time), North Elementary School, retires effective 6/30/04

Elliott, Wilma, Teacher (200 Days Full-time), Mason-Dixon Elementary School, retires effective 6/10/04

Fiete, Kathryn, Teacher (200 Days Full-time), Mountainview Elementary School, retires effective 6/30/04

Hunter, Judy R., Teacher (200 Days Full-time), Ridgedale Elementary School, retires effective 6/30/04

Kijowski, Joseph, Teacher (200 Days Full-time), Mason-Dixon Elementary School, retires effective 8/22/04

Lass, Martha, Teacher (200 Days Full-time), North Elementary School, retires effective 6/30/04

Lloyd, Carolyn, CNA Instructor (200 Days Full-time), Monongalia Technical Education Center, retires effective 6/30/04

Parsons, Ellyn, Kaleidoscope Site Coordinator (240 Days Full-time), Brookhaven/Central School, retires effective 6/30/04

PERSONNEL MATTERS, continued

PROFESSIONAL RETIREMENTS, continued

Pierce, James W., III, Teacher (200-Days Full-time), Clay Battelle High School, retires effective 6/15/04

Reese, Patricia, Teacher (200 Days Full-time), University High School, retires effective 6/30/04

Rice, Rebecca, Teacher (200 Days Full-time), Morgantown High School, retires effective 6/30/04

Riley, Janet, Counselor (210 Days Full-time), Cheat Lake Middle School, retires effective 6/30/04

Rockwell, Susan, Teacher (200 Days Full-time), Mason-Dixon Elementary School, retires effective 6/9/04

Stead, Connie, Teacher (200 Days Full-time), Brookhaven Elementary School, retires effective 6/30/04

Walters, Robert, Teacher (200 Days Full-time), Suncrest Middle School, retires effective 6/30/04

White, Susan, Media Specialist (200 Days Full-time), Cheat Lake Middle School, retires effective 6/9/04

SERVICE PERSONNEL APPOINTMENTS:

Dalton, Patty, Bus Operator # 117 (Full-time), Transportation, effective 2/25/04 – 6/7/04, Job # 2004-168

Jenkins, Karen, Aide (200 Days Full-time), Morgantown High School, effective 2/25/04 – 6/7/04, Job # 2004-161

Molisee, Eleanor, Computer Operator (225 Days Full-time), Dorsey, effective 2/25/04 -- 6/30/04 Job # 2004-163

Riley Jr., James, Custodian III (2:00 p.m. – 10:00 p.m. Mon. thru Fri.), Westwood Middle School, effective 2/25/04 – 6/16/04, Job # 2004-172

SERVICE EXTRA-DUTY:

Rogers, Mary, Bus Operator (Extra Duty Contract) approximately 1 hr., pick-up at 5:00 p.m., Transportation (Waitman Barbe take home), effective 2/25/04 – 6/7/04 or end of program, whichever occurs first, Job # 2004-169

SERVICE RETIREMENT:

Carder, Alice, Custodian (215 Days Full-time), Waitman Barbe Elementary School, retires effective 6/15/04

Gemas, Rosemary, Coordinator of Finance (261 Days Full-time), Board Office, retires effective 6/30/04

PERSONNEL MATTERS, continued

SERVICE RETIREMENTS, continued

Graham, Betty, Cafeteria Manager (200 Days Full-time), Brookhaven Elementary School, retires effective 6/8/04

Johnston, Patricia C., Aide (200 Days Full-time), Suncrest Primary School, retires effective 6/9/04

McMillen, Betsy, Secretary (261 Days Full-time), Transportation, retires effective 7/1/04

Sell, Beverly, Secretary (220 Days Full-time), Westover Elementary School, retires effective 6/30/04

Sharp, Patricia, Cook (200 Days Full-time), Morgantown High School, retires effective 6/9/04

Snyder, Bonnie, Secretary (220 Days Full-time), Morgantown High School, retires effective 6/30/04

SERVICE SUBSTITUTES:

Koehnlein, Karen (Substitute Bus Operator)

DISCUSSION AND/OR OTHER:

Westwood and Cass Building Costs – Williamson Shriver Gandee, Architects

Mr. Ted Shriver and Mr. Joe Evans of Williamson Shriver Gandee, Architects reviewed building plans for Westwood and Cass Elementary Schools. Mr. Shriver discussed the findings of a cost analysis of the two projects. He indicated that the buildings would be bid as one project since the schools share plans and that should result in a cost savings. He also discussed monies saved by this process be shared within the two schools, assuring needs at both are met. Also discussed were alternatives and additions to the buildings to provide additional classrooms. Mr. Shriver noted site preparations were troublesome at Westwood, but the projects were on schedule at this time.

President Walker stated that she wanted all plans to be shared with the school building committees, for their approval. She further stated that all caution should be taken to avoid opening schools at capacity. The Board expressed concern with growth in the Westwood attendance area.

Board Member Cook suggested bidding the whole projects and making adjustments, if needed, following the bidding phase.

President Walker thanked Mr. Shriver and Mr. Evans for keeping the Board up-to-date on construction matters.

Staffing Matrix

The Human Resources Department shared employee and staffing information with the Board. Following the report, President Walker requested a formula be developed to establish guidelines for staffing needs, workdays, start times and length of contracts for vacancies that may occur due to retirements, resignations, etc.

DISCUSSION AND/OR OTHER, continued

Head Start Building

The Board held a discussion of the Head Start Building construction plans that have not been resolved. Superintendent Vetere indicated that several options were being pursued and that he would have a report in a few weeks. He also reported the grant requires the monies only be encumbered by June 30, 2004.

Following the discussion and upon the recommendation of Superintendent Vetere, Board Member Statler offered a motion to rescind the action taken on the Head Start Building at the February 10, 2004 meeting (construction of the building by the Maintenance Department with assistance from MTEC students). The motion was seconded by Board Member Cook and passed unanimously.

Executive Session - Student Hearing(s) Action

Student Expulsions

Upon the recommendation of Superintendent Vetere, Board Member Statler offered a motion to expel Student 06-04 for the remainder of the school year with an evaluation to determine if Student 06-04 is permitted to return to the home school for the 2004-2005 school term. The motion was seconded by Board Member Parsons and passed unanimously.

Upon the recommendation of Superintendent Vetere, Board Member Statler offered a motion to expel Student 07-04 for the remainder of the 2003-2004 school term. The motion was seconded by Board Member Parsons and passed unanimously.

Employee Suspension

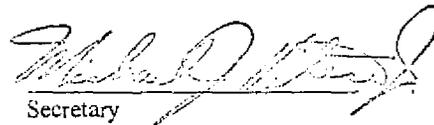
Board Member Parsons offered a motion to uphold the recommendation of Superintendent Vetere to suspend Employee EE#945201-04 for three (3) days without pay for insubordination. Board Member Statler seconded the motion which carried unanimously.

ADJOURNMENT:

There being no further business before the Board at this time, Board Member Cook offered a motion of adjournment. The motion was seconded by Board Member Statler and passed unanimously. The meeting was adjourned at 9:45 P.M.



President



Secretary

MONONGALIA COUNTY SCHOOLS
MORGANTOWN, WEST VIRGINIA 26501

MINUTES

Pursuant to the following call for a special meeting, the Board of Education of the County of Monongalia met in special session on Wednesday, May 12, 2004, at 12:00 Noon, at the Administrative Office Board Room, 13 South High Street, Morgantown, West Virginia, with the following members present:

Board Members Present:

Nancy A. Walker, President
Stephen L. Cook
Dr. Barbara L. Parsons
Joseph C. Statler

Absent:

Dr. Michael T. Yura, Vice-President

Administrative Staff Present:

Dr. Michael J. Vetere, Jr., Superintendent
Dr. Janice B. Christopher, Assistant Superintendent
Jacob D. Mullett, Assistant Superintendent
Dr. Louis J. Hlad, Director of Certification
Irv Schuetzner, Director of Transportation
Vincent Collins, Bond Counsel, Steptoe and Johnson, PLLC

CALL:

May 6, 2004

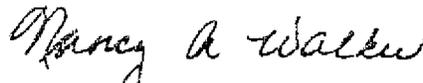
TO: THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA

I, Nancy A. Walker, President of the Board of Education of the County of Monongalia, do hereby instruct its secretary, Dr. Michael J. Vetere, Jr., to notify all members of said board that a special meeting is hereby called for the date of Wednesday, May 12, 2004 at 12:00 Noon, at the Administrative Office Board Room, 13 South High Street, Morgantown, West Virginia 26501.

The purpose of the meeting is

1. Conduct Bid Opening - Sale of \$50,000,000 Construction Bonds
Adopt Supplemental Resolution Approving Sale of School Bonds,
Series 2004

Sincerely,



Nancy A. Walker, President



Michael J. Vetere, Jr., Ed. D.
Superintendent
/bm

CL932196.1

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

President Walker called the special meeting to order at 12:00 Noon and Superintendent Vetere lead those present in the Pledge of Allegiance.

CONDUCT BID OPENING – SALE OF \$50,000,000 CONSTRUCTION BONDS:

President Walker informed those present that Chief School Business Official/Treasurer Terry Hawkins and Marie Prezioso, Financial Advisor of Ferris Baker Watts, Inc. were in the office of Ferris Baker Watts, Inc., in Charleston for the bid opening and the Board would communicate by telephone in accepting and/or approving the bids

Mr. Prezioso informed the Board that five bids had been received with one rejection due to late submission of the bid. She indicated that in reviewing the bids, Merrill Lynch and Company was the low bidder at 5.0192% interest.

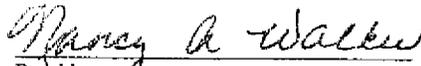
ADOPT SUPPLEMENTAL RESOLUTION APPROVING THE SALE OF PUBLIC SCHOOL BONDS, SERIES 2004:

Upon the recommendation of Bond Counsel Vincent Collins, Financial Advisor Marie Prezioso and Superintendent Vetere, Board Member Statler offered a motion to adopt the supplemental resolution approving the bond sale to Merrill Lynch and Company. The motion was seconded by Board Member Parsons and passed unanimously.

NOTE: The Supplemental Resolution Approving the Sale of Public School Bonds, Series 2004 is available for review in the Office of the Superintendent of Schools.

ADJOURNMENT:

There being no further business before the Board at this time, the meeting was unanimously adjourned at 1:20 P.M. on a motion by Board Member Cook that was seconded by Board Member Statler.



President



Secretary

SPECIAL SCHOOL BOND ELECTION
Saturday, October 4, 2003

Shall the Board of Education of the County of Monongalia incur debt and issue Bonds in the amount of \$50,000,000, maturities on such Bonds to run not more than 29 years from the date of such Bonds, with interest not exceeding the rate of 6.50% per annum, payable semi-annually, for the purpose of making the following improvements in Monongalia County School District for the purpose of providing adequate, safe and convenient educational facilities for the School District and levy taxes sufficient to pay the principal of and interest on such Bonds?

NEW SCHOOLS

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>	
		<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$ 18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$ 6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$ 9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$ 1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations, and site improvements	Existing Clay-Battelle High School	\$ 9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations	Existing Morgantown High School	\$ 5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$ 500,000	\$-0-
TOTALS		<u>\$ 50,000,000</u>	<u>\$ 15,585,000</u>
APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		<u>\$ 50,000,000</u>	
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		<u>\$ 15,585,000</u>	
APPROXIMATE TOTAL COST OF ALL PROJECTS		<u>\$ 65,585,000</u>	

*The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest during construction of the Project and for 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 or for additions, renovations or improvements to existing school facilities in the District any sum remaining unused upon completion of any other project or projects, or for additions, renovations or improvements to existing school facilities in the District 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

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

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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 27, 2004

**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

**\$50,000,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2004**

Dated: May 1, 2004

Due: May 1, as shown below

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

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

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

Interest on the Bonds will accrue from May 1, 2004 and will be payable November 1, 2004 and semiannually thereafter (each May 1 and November 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

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

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP
2006	905,000				2020	1,710,000			
2007	945,000				2021	1,790,000			
2008	990,000				2022	1,870,000			
2009	1,035,000				2023	1,960,000			
2010	1,085,000				2024	2,050,000			
2011	1,135,000				2025	2,145,000			
2012	1,190,000				2026	2,245,000			
2013	1,245,000				2027	2,350,000			
2014	1,300,000				2028	2,460,000			
2015	1,360,000				2029	2,575,000			
2016	1,425,000				2030	2,690,000			
2017	1,490,000				2031	2,820,000			
2018	1,560,000				2032	2,950,000			
2019	1,635,000				2033	3,085,000			

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Steptoe & Johnson, PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Kay, Casto and Chaney, PLLC, Morgantown, West Virginia, Counsel to the Board. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about May 26, 2004

Sale Date: May 12, 2004

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.

**THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)**

ELECTED OFFICIALS

Nancy A. Walker, President
Stephen L. Cook
Dr. Barbara L. Parsons
Joseph C. Statler
Dr. Michael T. Yura

APPOINTED OFFICIALS

Dr. Michael J. Vetere, Jr., Superintendent
W. Terry Hawkins, Treasurer
Dr. Janice Christopher, Assistant Superintendent
Dr. Sharon Harsh, Assistant Superintendent
Jacob Mullett, Assistant Superintendent

BOARD'S COUNSEL

Kay, Casto and Chaney PLLC
Morgantown, West Virginia

BOND COUNSEL

Step toe & Johnson PLLC
Charleston, West Virginia

FINANCIAL ADVISOR

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

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Monongalia, West Virginia, to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds herein described by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Board from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

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**OFFICIAL STATEMENT
RELATING TO

\$50,000,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2004**

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$50,000,000 in aggregate principal amount of The Board of Education of the County of Monongalia (West Virginia) Public School Bonds, Series 2004 (the "Bonds"). A brief description of The Board of Education of the County of Monongalia, West Virginia (the "Board"), the Monongalia County School District (the "School District") and the County of Monongalia, West Virginia (the "County" or "Monongalia County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

THE BONDS

General

The Bonds are dated May 1, 2004, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1 in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)
2006	905,000		
2007	945,000		
2008	990,000		
2009	1,035,000		
2010	1,085,000		
2011	1,135,000		
2012	1,190,000		
2013	1,245,000		
2014	1,300,000		
2015	1,360,000		
2016	1,425,000		
2017	1,490,000		
2018	1,560,000		
2019	1,635,000		
2020	1,710,000		
2021	1,790,000		
2022	1,870,000		
2023	1,960,000		
2024	2,050,000		
2025	2,145,000		
2026	2,245,000		
2027	2,350,000		
2028	2,460,000		
2029	2,575,000		
2030	2,690,000		
2031	2,820,000		
3032	2,950,000		
2033	3,085,000		

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

Interest on the Bonds will accrue from May 1, 2004 and will be payable November 1, 2004 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

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

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Board, to 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 their 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 Board shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

Optional Term Bonds

Bidders have the option of specifying that the principal amount of the Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in the Official Notice of Sale.

Mandatory Sinking Fund Redemption

Consecutive maturities combined by bidders to form term bonds shall be subject to mandatory sinking fund redemption in part on each May 1, commencing with the first year of the consecutive maturities so combined, at the principal amount set forth in the maturity schedule on the cover page of the Preliminary Official Statement and in the Official Notice of Sale, plus accrued interest to the date fixed for redemption.

Book-Entry Only System

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

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities on behalf of its participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

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

Purchasers of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

Purpose

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

Authority

The issuance of the Bonds and the levy of taxes sufficient to pay the interest on and principal of such Bonds were authorized and approved at the special election in the School District held on October 4, 2004, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 29 years from the date of issuance of the Bonds and an interest rate not exceeding 6.5% per annum. The canvass of said special election showed 8,127 "Yes" votes and 2,973 "No" votes, a 73.22% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

Nature of Obligation, Security and Source of Payments

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

Debt Administration

The Bond Commission is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for

early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Bond Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2004 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 Monongalia. 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.

MONONGALIA 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 2004, the terms of 2 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 2003-2004, the Monongalia County school system has a central office professional staff of 33.25 with the overall responsibility to coordinate and supervise the activities of 35.5 school administrators, 839.46 instructional staff (teachers and other professionals), and 503 service personnel. Total Full Time Equivalent positions are 1,456.16. The average pupil-teacher ratio for the 2003-2004 school year was 14.43:1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

Grades	1999	2000	2001	2002	2003	2004
Pre-K	291	316	326	325	406	436
K	705	707	702	674	730	715
1	725	721	747	716	684	738
2	784	703	714	727	723	681
3	759	779	727	734	767	725
4	758	766	796	718	726	752
5	741	767	770	796	725	727
6	767	769	761	779	798	731
7	788	763	771	779	791	806
8	756	799	771	789	789	802
9	867	797	850	843	878	887
10	846	841	773	809	769	798
11	860	787	766	736	791	743
12	<u>733</u>	<u>854</u>	<u>777</u>	<u>738</u>	<u>704</u>	<u>773</u>
Total	10,380	10,369	10,251	10,163	10,281	10,314

<u>Rate of (Decrease) or Increase in Enrollment</u>	
1999-2004	-0.64%
Annualized	-0.11%

Source: Monongalia County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2005	10,303
2006	10,292
2007	10,281
2008	10,270

Source: Monongalia County Board of Education

Facilities

School	Grades	Construction Type	Construction Date	Renovation or Addition	And Date
Arnettsville Elementary	K-5	Masonry/Concrete	1954	Addition	1999
Brookhaven Elementary (New)	K-5	Masonry/Concrete	1994		
Brookhaven Elementary (Old)	K-5	Masonry/Concrete	1954 & 1977	Addition	1980
Cass Elementary	K-5	Masonry/Concrete	1928 & 1938		
Cheat Lake Elementary	K-4	Concrete	1991		
Daybrook Elementary	K-4	Masonry/Concrete	1976		
Easton Elementary	K-4	Masonry/Concrete	1925 & 1953	Addition	1991
Jakes Run Center	Early Head Start	Masonry/Concrete	1955 & 1968		
Mason-Dixon Elementary	K-6	Masonry/Concrete	1994	Addition	1985
Mountainview Elementary	K-5	Masonry/Concrete	1991		
North Elementary	K-5	Masonry/Concrete	1979	Addition	1985
Ridgedale Elementary	K-5	Masonry/Concrete	1954, 1983, 1991, 2000		
Riverside Elementary	K-5	Masonry/Concrete	1917 & 1938		
Suncrest Primary	K-3	Masonry/Concrete	1918, 1953, 1956	Addition	1997
Waitman Barbe Elementary	K-5	Masonry/Concrete	1955		
Westover Elementary	K-5	Rubblestone/Concrete	1936	Additions	1972, 1978
Woodburn Elementary	K-5	Masonry/Concrete	1909 & 1958	Additions	1985, 1997
Cheat Lake Middle	5-8	Masonry/Concrete	1954, 1974, 1991	Additions	1985, 1991, 1997
South Middle	6-8	Masonry/Concrete	1979	Addition	1998
Suncrest Middle	6-8	Masonry/Concrete	1939, 1953, 1993, 1996	Addition	1985
Westwood Middle	6-8	Masonry/Concrete	1994		
Clay-Battelle High	7-12	Masonry/Concrete	1938, 1950, 1977, 1991	Addition	1995
Morgantown High	9-12	Masonry/Concrete	1924, 1926, 1939, 1997	Additions	1980, 1998
University High	9-12	Masonry/Concrete	1930, 1977, 1991, 1993	Additions	1994, 1995, 1996, 1998
Technical Education Center	-	Masonry/Concrete	1978, 1987		

Source: Monongalia County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Monongalia County Sheriff (the "Sheriff") and are remitted by him to the State and other local levying bodies. Public utility taxes are collected directly by the State Auditor (the "Auditor") and are remitted by him to the Sheriff for distribution. Tax statements are mailed by the Sheriff's office in July, and they may be paid in two installments. The first half of the tax is subject to a 2 1/2% discount if paid by September 1; thereafter, the amount payable is net until October 1, after which a 9% penalty is added. Likewise, the second half is subject to a 2 1/2% discount if paid by March 1, net to April 1, and 9% penalty thereafter. The Sheriff, after ascertaining which taxes are delinquent, shall on or before May 1 next succeeding the year for which taxes are assessed, prepare delinquent lists, which shall be posted at the front door of the courthouse and published as a legal advertisement at least two weeks prior to the presentation to the County Commission for examination. After examination and correction, the Commissioners

shall certify such lists pertaining to real property to the Auditor not later than July 1. On or before September 10, the Sheriff shall prepare a second list of delinquent taxes, as of September 1, together with a notice of sale for properties upon which such taxes are due. If not redeemed before, such properties shall be sold at public auction at the courthouse on any Monday after October 14, and before November 23. No such sale shall be made for any sum less than the total amount of taxes, interest and charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase. The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections

Year	Projected Gross Tax (\$)	Projected Net Tax Collected (\$)	Actual (\$)	Actual (%)
	at 100%	at 92-93% Less Assessors Fee	Collected	Collected
<u>1998-99</u>				
General Current	13,871,292	12,642,296	13,392,198	96.55%
Excess Levy	11,656,491	10,840,537	11,470,825	98.41%
Debt Service	3,996,124	3,596,512	3,938,709	98.56%
<u>1999-00</u>				
General Current	14,539,236	13,251,059	14,157,269	97.37%
Excess Levy	12,217,787	11,362,542	12,124,525	99.24%
Debt Service	4,060,764	3,654,688	4,037,638	99.43%
<u>2000-01</u>				
General Current	14,883,968	13,565,248	14,439,652	97.01%
Excess Levy	12,507,475	11,631,952	12,374,041	98.93%
Debt Service	4,127,975	3,715,178	4,086,124	98.99%
<u>2001-02</u>				
General Current	15,380,977	14,018,222	14,875,040	96.71%
Excess Levy	12,925,126	12,020,367	12,743,669	98.60%
Debt Service	4,205,733	3,821,307	4,150,314	98.68%
<u>2002-03</u>				
General Current	16,323,882	14,877,586	15,510,901	95.02%
Excess Levy	13,717,482	12,757,258	13,286,378	96.86%
Debt Service	4,280,237	3,889,006	4,154,906	97.07%
<u>2003-2004</u>				
General Current	17,014,381	15,506,907	N/A	N/A
Excess Levy	14,297,732	13,296,890	N/A	N/A
Debt Service	4,361,597	3,967,807	N/A	N/A

Source: Monongalia County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain 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 2003 assessment year valuations are made as of July 1, 2002, with taxes levied and collected during the fiscal year July 1, 2003, through June 30, 2004.

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

Property Classification

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

Assessed Valuations

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

Assessed Valuation By Property Class

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	48,887,652	33,453,059	23,301,442	3,250,888	3,352,144
II	778,344,638	811,560,467	872,505,741	942,539,985	1,011,053,881
III	962,373,176	985,282,038	1,039,968,357	1,064,613,532	1,073,225,043
IV	<u>453,123,173</u>	<u>478,135,121</u>	<u>510,614,943</u>	<u>540,254,722</u>	<u>541,771,845</u>
Total	2,242,728,639	2,308,430,685	2,446,390,483	2,550,659,127	2,629,402,913

Assessed Valuation By Property Category*

Category	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Real	1,423,218,818	1,464,306,158	1,583,369,168	1,685,941,118	1,780,910,868
Personal	590,781,350	607,132,173	622,401,270	624,905,066	621,620,733
Public Utility	<u>228,728,471</u>	<u>236,992,354</u>	<u>240,620,045</u>	<u>239,812,943</u>	<u>226,871,312</u>
Total	2,242,728,639	2,308,430,685	2,446,390,483	2,550,659,127	2,629,402,913

* Exclude property from ad valorem property taxation pursuant to the Homestead and Taxation Amendment. The amount of Class II property so excluded amounted to:
 \$105,322,273 in 2000-2001 \$105,233,385 in 2001-2002
 \$105,181,232 in 2002-2003 \$105,005,775 in 2003-2004 \$106,076,542 in 2004-2005

Largest Assessed Valuations (2003 by Property Class)

Property Owner	Assessed Valuation (\$)
Allegheny Energy/Mon Power	149,930,069
Mylan Pharmaceuticals	82,882,538
Morgantown Mall	34,190,426
Morgantown Energy Association	27,730,009
Eastern Associated Coal	26,988,796
G.E. Speciality Chemicals	25,971,397
Consolidation Coal	15,618,191
Anker Energy	13,608,854
Mountaineer Mall	12,107,450
Consolidated Rail Corporation	10,281,794
Glenmark Holding Company	10,071,643
Verizon West Virginia, Inc.	9,744,418
Metro Rentals (w/CMC & RDR)	8,551,080
Dominion Hope	5,844,380
Greer Industries	5,651,925

Source: Monongalia County Assessor

Tax Rate Comparisons

The following shows Monongalia County property taxes in centers per \$100 assessed valuation (this includes all state, county and school rates, in comparison with a few select surrounding counties, for tax year 2003; Fiscal Year 2003-2004.

Rates of Levy*

County	Class I	Class II	Class III/IV
MONONGALIA	55.02	110.04	220.08
Marion	63.92	127.84	255.68
Preston	33.87	67.74	135.48
Taylor	54.445	108.890	217.780
Wetzel	64.19	128.38	256.76

*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

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

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

School Current Levy

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	20.48	20.48	20.48	20.48	20.48
II	40.96	40.96	40.96	40.96	40.96
III and IV	81.92	81.92	81.92	81.92	81.92

School Excess Levy

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	17.21	17.21	17.21	17.21	17.21
II	34.42	34.42	34.42	34.42	34.42
III and IV	68.84	68.84	68.84	68.84	68.84

School Bonds

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	5.68	5.60	5.37	5.25	5.20
II	11.36	11.20	10.74	10.50	10.40
III and IV	22.72	22.40	21.48	21.00	20.80

Source: West Virginia State Auditor

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

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Monongalia County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 2003-2004 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	11.83	23.66	47.32
School Current	20.48	40.96	81.92
School Excess	17.21	34.42	68.84
School Bonds	5.25	10.50	21.00

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 2003-2004 fiscal year.

Municipality	Class I	Class II	Class IV
Blacksville	11.10	20.20	44.40
Granville	12.50	25.00	50.00
Morgantown	10.89	21.78	43.56
Star City	10.19	20.38	40.76
Westover	9.51	19.02	38.04

Source: West Virginia State Auditor

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

Summary of Statistical Debt Information

Population (2002)	82,895
Assessed Valuation*	\$2,629,402,913
Debt Limit (5% of Assessed Valuation)	\$131,470,145
Outstanding Debt (including the Series 2004 Bonds)	\$53,865,582
Debt Contracting Margin	\$77,604,563
Per Capita Debt	\$649.80
Outstanding Debt as percentage of Assessed Valuation	2.05%

*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2005).

Debt Service Requirements

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

Schedule of Bonded Indebtedness

Year Ending June 30	Series 1999 Bonds Principal & Interest	Series 2004 Bonds Principal	Series 2004 Bonds Interest	Total
2005	4,060,607			
2006		905,000		
2007		945,000		
2008		990,000		
2009		1,035,000		
2010		1,085,000		
2011		1,135,000		
2012		1,190,000		
2013		1,245,000		
2014		1,300,000		
2015		1,360,000		
2016		1,425,000		
2017		1,490,000		
2018		1,560,000		
2019		1,635,000		
2020		1,710,000		
2021		1,790,000		
2022		1,870,000		
2023		1,960,000		
2024		2,050,000		
2025		2,145,000		
2026		2,245,000		
2027		2,350,000		
2028		2,460,000		
2029		2,575,000		
2030		2,690,000		
2031		2,820,000		
2032		2,950,000		
2033		<u>3,085,000</u>		
TOTAL	4,060,607	50,000,000		

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Capital Projects Fund

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

4. General Current Expense Fund

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

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 Investment Management Board (the "IMB"). The IMB is governed by a Board of Trustees consisting of the Governor, the State Auditor, the State Treasurer and ten members appointed by the Governor. The 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 accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in the State, which is prescribed by the West Virginia Dept. of Education. This does not agree in certain respects with the accounts and fund structure required by accounting principles.

The Monongalia County Board of Education is investigating the impact of potential changes in its financial reporting that may be required due to the implementation of Governmental Accounting Standards Board (GASB) Statements No. 34 and related pronouncements.

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

Budgetary Procedures

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

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

Monongalia County Board of Education's Statement of Revenues, Expenditures and Changes in Fund Balances - Budget

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

	2000-2001	2001-2002	2002-2003
<i>Revenues:</i>			
Local Sources:			
Property Taxes	26,572,267	27,402,415	28,542,803
Other Local Sources	2,097,759	698,595	547,160
State Sources	39,687,472	36,270,986	38,129,356
Federal Sources	12,840,956	290,696	314,603
Miscellaneous	-0-	120,847	150,365
Total Revenues	81,198,454	64,783,539	67,684,287
<i>Expenditures:</i>			
Regular Programs	39,543,817	32,700,427	33,643,730
Special Programs	10,954,765	9,736,931	10,364,266
Vocational Programs	1,573,395	1,259,351	1,389,569
Other Instructional Programs	192,523	156,572	156,604
Adult/Continuing Education Programs	1,086,974	1,154	-0-
Community Services Programs	400,524	334,688	342,476
Undistributed Support Services	32,149,982	24,416,828	26,179,200
Total Expenditures	85,901,980	68,605,951	72,075,845
Excess (Deficiency) of Revenues Over Expenditures	(4,703,526)	(3,822,412)	(4,391,558)
<i>Other Financing Sources (Uses):</i>			
Operating Transfers in	1,555,610	-0-	-0-
Operating Transfers (out)	<u>(1,533,370)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	22,240	-0-	-0-
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	(4,681,286)	(3,822,412)	(4,391,558)
Fund Balance at June 30	4,681,286	3,822,412	4,391,558

Source: Monongalia County Board of Education

Monongalia County Board of Education's Statement of Revenues, Expenditures and Changes in Fund Balances-
Actual

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

	2000-2001	2001-2002	2002-2003
<i>Revenues:</i>			
Local Sources:			
Property Taxes	26,813,693	27,618,709	28,797,278
Other Local Sources	2,09,302	701,561	542,576
State Sources	38,258,339	36,482,229	38,269,513
Federal Sources	8,947,157	290,696	314,720
Miscellaneous	<u>-0-</u>	<u>369,457</u>	<u>96,587</u>
Total Revenues	76,112,491	65,462,652	68,020,674
<i>Expenditures:</i>			
Regular Programs	36,178,128	30,993,683	33,072,930
Special Programs	10,010,349	9,677,373	10,299,489
Vocational Programs	1,532,171	1,252,819	1,388,609
Other Instructional Programs	193,728	156,572	156,604
Adult/Continuing Education Programs	1,016,979	1,154	-0-
Community Service Programs	389,862	332,507	337,026
Undistributed Expenditures	<u>27,707,218</u>	<u>20,687,582</u>	<u>22,254,165</u>
Total Expenditures	77,028,435	63,101,690	67,508,823
Excess (deficiency) of revenues over expenditures	(915,944)	2,360,962	511,851
Other Financing Sources (Uses):			
Operating Transfers in	210,079	-0-	363,426
Operating Transfers (out)	<u>(1,510,079)</u>	<u>(1,607,815)</u>	<u>(2,926,354)</u>
Total Other Financing Sources (Uses)	(1,300,000)	(1,607,815)	(2,562,928)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(2,215,944)	753,147	(2,051,077)
Gross fund balance at July 1	7,592,225	3,822,414	4,575,561
Adjustment	<u>13,507</u>	<u>-0-</u>	<u>30,961</u>
Fund balance at end of year	5,389,788	4,575,561	2,555,445

Source: Monongalia County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2003, 25,441 retirees and beneficiaries were receiving benefits. As of July 1, 2003, there are 20,919 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Employers contribute 15% 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, 2003 by Mellon Human Resources & Investor Solutions. 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, 2003, the unfunded liability of TRS was \$5.053 billion. The funded percentage was 19.1%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of July 1, 2003, there were approximately 22,735 members in the TDCRS. 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 years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

i. Type		<u>Amount in Force (FY 2003)</u>
Deluxe Commercial Property insurance		\$ 181,205,000
Deductible per occurrence		\$ 10,000
Machinery and Equipment insurance		\$ 10,000,000
Deductible per occurrence		\$ 1,500
Flood insurance		\$ 2,161,200
Deductible per occurrence		\$ 5,000
Public official position bond:	Superintendent	\$ 50,000
	Board President	\$ 50,000
	Treasurer	\$ 500,000
	Sheriff	\$ 300,000
Fidelity Honesty Bond (all employees)		\$ 100,000

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2002 to July 1, 2003. The Board is insured for following coverages:

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

2. Limits of Liability

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

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

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

Source: Monongalia County Board of Education

TAX MATTERS

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, in order for interest on the Bonds to be and remain exempt from federal income taxation, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such actions.

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

The Bonds are not issued as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Other consequences for federal income tax purposes of ownership of obligations such as the Bonds also result from the Code under certain circumstances. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

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

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

1. The plaintiff class's request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.
2. The decision of the honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and

3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.
4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties' objection is hereby preserved.

The parties to the Pauley case have not indicated whether the action of the court dismissing the case may be appealed to the West Virginia Supreme Court of Appeals.

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

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

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

LITIGATION

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

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

CONTINUING DISCLOSURE

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has agreed to employ the corporate trust services of United

Bank, Inc., Charleston, West Virginia, to provide dissemination services in conjunction with continuing disclosure for its Series 2004 Bonds. The form of the Continuing disclosure Agreement is attached hereto as Appendix F.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the Board at competitive bidding on May 12, 2004 in accordance with the Official Notice of Sale.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

RATINGS

Standard & Poor's Corporation, 25 Broadway, New York, New York, 10004, has assigned the Bonds its rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

FINANCIAL ADVISOR

Ferris, Baker Watts, Incorporated, Baltimore, Maryland, and Charleston, West Virginia, Financial Advisor to the Board, or its directors or employees, may hold, own or dispose of bonds, including the Bonds, issued by the Board. Ferris, Baker Watts, Incorporated, may wish to bid alone or as a member of a syndicate for the purchase of the Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$50,000,000 in aggregate principal amount of The Board of Education of the County of Monongalia, Public School Bonds, Series 2004. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Monongalia by Ferris, Baker Watts, Incorporated in its capacity as Financial Advisor to the Board.

All statements, estimates, assumptions and summaries of documents in this Official Statement have been made on the basis of the best information available and are believed to be correct and reliable, but no representations whatsoever are made that such statements, estimates, assumptions and summaries of documents are correct or will be realized.

So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

THE BOARD OF EDUCATION
OF THE COUNTY OF MONONGALIA

By: _____
President

MONONGALIA COUNTY BOARD OF EDUCATION

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

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**MONONGALIA COUNTY BOARD OF EDUCATION
INDEX OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

GOVERNMENTAL FUND TYPES

General Current Expense

Special Revenue Funds

Restricted Projects
Individual Schools

Capital Projects

Bond Construction
Permanent Improvement Fund
Capital Projects

Debt Service

ACCOUNT GROUPS

General Fixed Assets
General Long-term Debt

**MONONGALIA COUNTY BOARD OF EDUCATION
BOARD OFFICIALS
JUNE 30, 2003**

Title	Elected Officials	Term
Board Member	Stephen Cook	July 1, 2002 - June 30, 2006
Board Member	Nancy A. Walker	July 1, 2000 - June 30, 2004
Board Member	Dr. Michael T. Yura	July 1, 2000 - June 30, 2004
Board Member	Dr. Barbara L. Parsons	July 1, 2002 - June 30, 2006
Board Member	Joseph C. Statler	July 1, 2002 - June 30, 2004

Appointed Officials

Board President	Nancy A. Walker	July 1, 2002 - June 30, 2004
Superintendent	Dr. Michael J. Vetere, Jr.	July 1, 2002 - June 30, 2005
Treasurer	W. Terry Hawkins	July 1, 2002 - June 30, 2003



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

We have audited the accompanying financial statements of the Monongalia County Board of Education as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Monongalia County Board of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in the notes to the financial statements, the Monongalia County Board of Education prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the Monongalia County Board of Education's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Monongalia County Board of Education, as of June 30, 2003, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monongalia County Board of Education, as of June 30, 2003, and the results of its operations for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 2003 on our consideration of the Monongalia County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Monongalia County Board of Education, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information 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.

Tetrick & Bartlett, P.C.

November 18, 2003

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2003**

	Governmental Fund Types				Account Group		Total (Memorandum Only)
	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
ASSETS							
Current Assets							
Cash	\$ 5,874,345	\$ 1,232,794	\$ 1,354,425	\$ 72,611	\$ -0-	\$ -0-	\$ 8,534,175
Investments	5,000	-0-	-0-	2,289,248	-0-	-0-	2,294,248
Deposit with Workers' Compensation	178,281	-0-	-0-	-0-	-0-	-0-	178,281
Deposit retirement forfeitures	24,061	-0-	-0-	-0-	-0-	-0-	24,061
Taxes receivable	252,253	-0-	-0-	36,057	-0-	-0-	288,310
Other receivables	5,131	-0-	-0-	39	-0-	-0-	5,170
Intergovernmental receivables:							
State aid to schools	330,039	12,307	-0-	-0-	-0-	-0-	342,346
PEIA allocation	993,326	-0-	-0-	-0-	-0-	-0-	993,326
Reimbursements	-0-	2,437,239	-0-	-0-	-0-	-0-	2,437,239
Total current assets	<u>7,662,436</u>	<u>3,682,340</u>	<u>1,354,425</u>	<u>2,397,955</u>	<u>-0-</u>	<u>-0-</u>	<u>15,097,156</u>
Fixed Assets							
Land, buildings and equipment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>83,581,913</u>	<u>-0-</u>	<u>83,581,913</u>
Other							
Amount available in debt service fund	-0-	-0-	-0-	-0-	-0-	2,397,955	2,397,955
Amount to be provided for retirement of general long-term debt	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,672,633</u>	<u>5,672,633</u>
TOTAL ASSETS	<u>\$ 7,662,436</u>	<u>\$ 3,682,340</u>	<u>\$ 1,354,425</u>	<u>\$ 2,397,955</u>	<u>\$ 83,581,913</u>	<u>\$ 8,070,588</u>	<u>\$ 106,749,657</u>

Governmental Fund Types

Account Group

LIABILITIES AND FUND EQUITY

Current Liabilities

	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
Salaries (and withholdings) payable	\$ 3,318,844	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,318,844
Accounts payable	148,150	34,854	667,320	-0-	-0-	-0-	850,324
Worker's Compensation payable	228,829	-0-	-0-	-0-	-0-	-0-	228,829
PEIA premiums payable	1,411,168	-0-	-0-	-0-	-0-	-0-	1,411,168
Compensated absences	-0-	-0-	-0-	-0-	-0-	613,480	613,480
Portion of long-term debt due in upcoming year for general obligation bonds payable	-0-	-0-	-0-	-0-	-0-	3,591,526	3,591,526
Total current liabilities	<u>5,106,931</u>	<u>34,854</u>	<u>667,320</u>	<u>-0-</u>	<u>-0-</u>	<u>4,205,006</u>	<u>10,014,171</u>

Long-term debt, net of current portion

	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,865,582</u>	<u>3,865,582</u>
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Fund Equity

Investment in general fixed assets	-0-	-0-	-0-	-0-	83,581,913	-0-	83,581,913
Fund balances							
Reserved for encumbrances	487,902	451,389	1,698,353	-0-	-0-	-0-	2,637,644
Reserved for debt service	-0-	-0-	-0-	2,397,955	-0-	-0-	2,397,955
Reserved for earmarked funds	-0-	1,729,302	-0-	-0-	-0-	-0-	1,729,302
Reserved for excess levies	600,481	-0-	-0-	-0-	-0-	-0-	600,481
Reserved for workers' compensation	178,281	-0-	-0-	-0-	-0-	-0-	178,281
Reserved for capital projects	-0-	-0-	43,320	-0-	-0-	-0-	43,320
Reserved for schools	-0-	1,648,502	-0-	-0-	-0-	-0-	1,648,502
Unreserved:							
Designated	487,808	-0-	-0-	-0-	-0-	-0-	487,808
Undesignated	800,973	(181,707)	(1,054,568)	-0-	-0-	-0-	(435,302)
Total fund equity	<u>2,555,445</u>	<u>3,647,486</u>	<u>687,105</u>	<u>2,397,955</u>	<u>83,581,913</u>	<u>-0-</u>	<u>92,869,904</u>

TOTAL LIABILITIES AND FUND EQUITY

	\$ <u>7,662,416</u>	\$ <u>3,682,340</u>	\$ <u>1,354,425</u>	\$ <u>2,397,955</u>	\$ <u>83,581,913</u>	\$ <u>8,070,588</u>	\$ <u>106,749,657</u>
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The accompanying independent auditor's report and notes are integral parts of this combined financial statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - REGULATORY BASIS -
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003**

Governmental Fund Types

	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues					
Local sources					
Property taxes	\$ 28,797,278	\$ -0-	\$ -0-	\$ 4,154,906	\$ 32,952,184
Other local sources	542,576	3,928,990	11,929	48,864	4,532,359
State sources	38,269,513	3,001,046	-0-	-0-	41,270,559
Federal sources	314,720	9,942,753	-0-	-0-	10,257,473
Miscellaneous sources	96,587	-0-	375,250	-0-	471,837
Total revenues	<u>68,020,674</u>	<u>16,872,799</u>	<u>387,179</u>	<u>4,203,770</u>	<u>89,484,422</u>
Expenditures					
Regular elementary/secondary programs	33,072,930	6,525,208	-0-	-0-	39,598,138
Special education programs	10,299,489	1,497,703	-0-	-0-	11,797,192
Vocational education programs	1,388,609	265,623	-0-	-0-	1,654,232
Other elementary/secondary programs	156,604	2,505,586	-0-	-0-	2,662,190
Adult/continuing education programs	-0-	1,158,214	-0-	-0-	1,158,214
Community services programs	337,026	298,276	-0-	-0-	635,302
Undistributed expenditures	22,254,165	5,701,958	-0-	-0-	27,956,123
Capital projects	-0-	-0-	3,057,690	-0-	3,057,690
Debt service					
Principal retirement	-0-	-0-	-0-	3,343,911	3,343,911
Interest and other charges	-0-	-0-	-0-	556,595	556,595
Total expenditures	<u>67,508,823</u>	<u>17,952,568</u>	<u>3,057,690</u>	<u>3,900,506</u>	<u>92,419,587</u>
Excess (deficiency) of revenues over (under) expenditures	511,851	(1,079,769)	(2,670,511)	303,264	(2,935,165)
Other Financing Sources (Uses)					
Operating transfers in	363,426	1,726,989	1,353,845	-0-	3,444,260
Operating transfers (out)	(2,926,354)	(214,061)	(303,845)	-0-	(3,444,260)
Total other financing sources (uses)	<u>(2,562,928)</u>	<u>1,512,928</u>	<u>1,050,000</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(2,051,077)	433,159	(1,620,511)	303,264	(2,935,165)
Fund balance at June 30, 2002 (restated)	<u>4,606,522</u>	<u>3,214,327</u>	<u>2,307,616</u>	<u>2,094,691</u>	<u>12,223,156</u>
Fund balance at June 30, 2003	\$ <u>2,555,445</u>	\$ <u>3,647,486</u>	\$ <u>687,105</u>	\$ <u>2,397,955</u>	\$ <u>9,287,991</u>

The accompanying independent auditor's report and notes are integral parts of this combined financial statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
GENERAL CURRENT EXPENSE FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Property taxes	\$ 28,542,803	\$ 28,797,278	\$ 254,475
Other local sources	547,160	542,576	(4,584)
State sources	38,129,356	38,269,513	140,157
Federal sources	314,603	314,720	117
Miscellaneous sources	<u>150,365</u>	<u>96,587</u>	<u>(53,778)</u>
Total revenues	<u>67,684,287</u>	<u>68,020,674</u>	<u>336,387</u>
Expenditures			
Regular elementary/secondary programs	33,643,730	33,072,930	570,800
Special education programs	10,364,266	10,299,489	64,777
Vocational education programs	1,389,569	1,388,609	960
Other elementary/secondary programs	156,604	156,604	-0-
Community services programs	342,476	337,026	5,450
Undistributed expenditures	<u>26,179,200</u>	<u>22,254,165</u>	<u>3,925,035</u>
Total expenditures	<u>72,075,845</u>	<u>67,508,823</u>	<u>4,567,022</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(4,391,558)</u>	<u>511,851</u>	<u>4,903,409</u>
Other Financing Sources (Uses)			
Operating transfers in	-0-	363,426	363,426
Operating transfers (out)	<u>-0-</u>	<u>(2,926,354)</u>	<u>(2,926,354)</u>
Total other financing (uses)	<u>-0-</u>	<u>(2,562,928)</u>	<u>(2,562,928)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	<u>(4,391,558)</u>	<u>(2,051,077)</u>	<u>2,340,481</u>
Fund balance at June 30, 2002 (restated)	<u>4,391,558</u>	<u>4,606,522</u>	<u>214,964</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>2,555,445</u>	\$ <u>2,555,445</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
SPECIAL REVENUE FUND – RESTRICTED PROJECTS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 1,330,942	\$ 1,405,690	\$ 74,748
State sources	3,053,922	3,001,046	(52,876)
Federal sources	<u>11,969,037</u>	<u>9,942,763</u>	<u>(2,026,274)</u>
Total revenues	<u>16,353,901</u>	<u>14,349,499</u>	<u>(2,004,402)</u>
Expenditures			
Regular elementary/secondary programs	7,725,570	6,525,208	1,200,362
Special education programs	2,552,700	1,497,703	1,054,997
Vocational education programs	315,959	265,623	50,336
Other elementary/secondary programs	(216)	-0-	(216)
Adult/continuing education programs	1,102,704	1,158,214	(55,510)
Community services programs	333,145	298,276	34,869
Undistributed expenditures	<u>6,038,904</u>	<u>5,701,958</u>	<u>336,946</u>
Total expenditures	<u>18,068,766</u>	<u>15,446,982</u>	<u>2,621,784</u>
(Deficiency) of revenues (under) expenditures	<u>(1,714,865)</u>	<u>(1,097,483)</u>	<u>617,382</u>
Other Financing Sources (Uses)			
Operating transfers in	1,200,000	1,726,989	526,989
Operating transfers (out)	<u>-0-</u>	<u>(214,061)</u>	<u>(214,061)</u>
Total other financing sources	<u>1,200,000</u>	<u>1,512,928</u>	<u>312,928</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing sources (uses)	<u>(514,865)</u>	<u>415,445</u>	<u>930,310</u>
Fund balance at June 30, 2002	<u>514,865</u>	<u>1,541,998</u>	<u>1,027,133</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>1,957,443</u>	\$ <u>1,957,443</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Property taxes	\$ 3,889,010	\$ 4,154,906	\$ 265,896
Other local sources	<u>-0-</u>	<u>48,864</u>	<u>48,864</u>
Total revenues	<u>3,889,010</u>	<u>4,203,770</u>	<u>314,760</u>
Expenditures			
Principal retirement	3,343,910	3,343,911	(1)
Interest and other charges	<u>2,639,791</u>	<u>556,595</u>	<u>2,083,196</u>
Total expenditures	<u>5,983,701</u>	<u>3,900,506</u>	<u>2,083,195</u>
(Deficiency) excess of revenues (under) over expenditures	(2,094,691)	303,264	2,397,955
Fund balance at June 30, 2002	<u>2,094,691</u>	<u>2,094,691</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>2,397,955</u>	\$ <u>2,397,955</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
CAPITAL PROJECTS – BOND CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 564	\$ 571	\$ 7
Expenditures			
Capital projects	<u>43,168</u>	<u>4,600</u>	<u>38,568</u>
(Deficiency) of revenues (under) expenditures	(42,604)	(4,029)	(38,575)
Other Financing (Uses)			
Operating transfers (out)	<u>-0-</u>	<u>(38,575)</u>	<u>(38,575)</u>
(Deficiency) excess of revenues (under) over expenditures and other financing (uses)	(42,604)	(42,604)	-0-
Fund balance at June 30, 2002	<u>42,604</u>	<u>42,604</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
REGULATORY BASIS
CAPITAL PROJECTS - PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 10,945	\$ 11,358	\$ 413
Expenditures			
Capital projects	<u>2,275,957</u>	<u>1,953,140</u>	<u>(322,817)</u>
(Deficiency) of revenues (under) expenditures	(2,265,012)	(1,941,782)	(323,230)
Other Financing (Uses)			
Operating transfers (out)	<u>-0-</u>	<u>(265,270)</u>	<u>(265,270)</u>
(Deficiency) excess of revenues (under) expenditures and other financing (uses)	(2,265,012)	(2,207,052)	57,960
Fund balance at June 30, 2002	<u>2,265,012</u>	<u>2,265,012</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>57,960</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
CAPITAL PROJECTS – CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
State sources	\$ 1,000,000	\$ -0-	\$ (1,000,000)
Miscellaneous sources	<u>1,722,634</u>	<u>375,250</u>	<u>(1,347,384)</u>
Total revenues	<u>2,722,634</u>	<u>375,250</u>	<u>(2,347,384)</u>
Expenditures			
Capital projects	<u>2,722,634</u>	<u>1,099,950</u>	<u>1,622,684</u>
(Deficiency) of revenues (under) expenditures	-0-	(724,700)	(724,700)
Other Financing Sources			
Operating transfers in	<u>-0-</u>	<u>1,353,845</u>	<u>1,353,845</u>
Excess of revenues over expenditures and other financing sources	-0-	629,145	629,145
Fund balance at June 30, 2002	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u><u>-0-</u></u>	\$ <u><u>629,145</u></u>	\$ <u><u>629,145</u></u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

The Monongalia County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities with the exceptions that: (1) government-wide financial statements, management's discussion and analysis, and the other reporting requirements specified by the Government Accounting Standards Board (GASB) Statement 34, are not included, and (2) account group financial statements are included. Consequently, the accompanying financial statements are considered to be presented on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by accounting principles generally accepted in the United States of America:

Oversight responsibilities:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Special financing relationships

Based upon the application of these criteria, the financial statements of the public schools in the district have been included as a part of the accompanying financial statements in a special revenue fund. The financial statements of the schools are on file at the Board office.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

B. Fund Accounting

The financial activities of the Board are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprises its assets, liabilities, fund equity, revenue and expenditures. The following fund types and account groups are used by the Board:

Governmental Fund Types

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. The financial information of the district's individual schools are recorded in a separate special revenue fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Board. This fund includes bond construction, permanent improvement and capital projects funds.

Account Groups

General Fixed Assets Account Group

The General Fixed Asset Account Group is established to account for the fixed assets of the Board.

General Long-Term Account Group

The General Long-Term Account Group is established to account for the long-term debt of the Board.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with accounting principles generally accepted in the United States of America, all governmental funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be included on the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year end.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The significant differences are as follows:

GASB Statement No. 34, New Reporting Model, has not been adopted for use in the method of accounting prescribed by the West Virginia Department of Education.

D. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

2. The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2003, 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.

Investments of the Board at June 30, 2003 consisted of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
Municipal Bond Commission	\$ 2,289,248	\$ 2,289,248
Certificates of deposit	<u>5,000</u>	<u>5,000</u>
Total investments	\$ <u>2,294,248</u>	\$ <u>2,294,248</u>

G. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" and are current interfund loans.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

H. Inventories

The board considers inventories of materials and supplies as expended at the time of purchase, therefore, they do not appear in the Board's financial statements.

I. Prepaid Items

Except for the Workers' Compensation Commission, payments made to vendors for services that will benefit periods beyond June 30, 2003, are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the General Fixed Asset Account Group. As permitted by the West Virginia Department of Education, fixed assets are valued at actual historical cost or estimated historical cost if actual historical cost records are not available. No depreciation is recognized for assets in the General Fixed Asset Account Group. Interest incurred during construction is not capitalized on general fixed assets.

K. Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 25 days and unlimited days, respectively, and carried forward to the subsequent fiscal year. Upon termination, employees would be compensated for accumulated vacation benefits only. Therefore, no liability is reported for unpaid accumulated sick leave. Vacation pay, that is expected to be liquidated with expendable available financial resources is immaterial and reported in the general long-term debt account group along with amounts not expected to be liquidated with expendable available financial resources. No expenditure is reported for these amounts.

L. Long-Term Obligations

The current portion of long-term debt due in the upcoming fiscal year and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Capital lease obligations are reported entirely in the debt service fund and bond issuances are reported entirely in the general long-term debt account group.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

M. Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The designated portion of the unreserved fund balance represents that portion of fund equity committed by official Board action prior to June 30, of each year for specific purposes. Said specific purposes and amounts are recorded in the official Board minutes for the fiscal year ended June 30, 2003. The unreserved, undesignated fund balance represents funds available for reappropriation.

N. Accounting Estimates

The preparation of financial statements in conformity with the basis of accounting prescribed by the West Virginia Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

O. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to consolidation.

2. Change in Accounting Policy

As required by the basis of accounting prescribed by the West Virginia Department of Education, the Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

Property Taxes Receivable: For the year ended June 30, 2003, the Board began recording all taxes expected to be collected within 60 days after year-end as a receivable. The remainder of the taxes levied, less estimated uncollectibles, is shown as deferred revenue.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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 life time for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$200,000 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 to the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers Compensation Fund (WCF): West Virginia is one of six states that operates an exclusive state-managed Workers' Compensation Insurance Fund which means that private insurance companies cannot offer coverage to employers. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage as determined by the WCF Compensation Programs Performance Council is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

**MONONGALIA COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2003**

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; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.
- Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III All real and personal property situated outside of municipalities, exclusive of Classes I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢	per	\$100 of assessed valuation
Class II	45.90¢	per	\$100 of assessed valuation
Class III	91.80¢	per	\$100 of assessed valuation
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 hold a public hearing. The amounts to be paid to the Assessor's Valuation Fund are to also be excluded from the calculation. The rates of levy for the 2003 year were: 20.48¢ for Class I property, 40.96¢ for Class II property and 81.92¢ for classes III and IV property.

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.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 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	\$ 23,301,442	20.48¢	17.21¢	5.37¢
Class II	\$ 872,505,741	40.96¢	34.42¢	10.74¢
Class III	\$ 1,039,968,357	81.92¢	68.84¢	21.48¢
Class IV	\$ 510,614,943	81.92¢	68.84¢	21.48¢

The taxes on real property and the interest and other charges upon 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.

5. Special/Excess Levy

The Board had an excess levy in effect during the fiscal year ended June 30, 2003. The levy was authorized by the voters of the county at an election held on December 8, 2001 for the fiscal years ended June 30, 2003 through June 30, 2007 to provide funds for the following purposes:

Instructional materials, supplies, textbooks and equipment, physical education and Reads Initiative, approximately \$1,070,000 annually;

Equipment, supplies and services in accordance with the Monongalia County technology plan, approximately \$750,000 annually;

Library/media center books, supplies, equipment and services, approximately \$85,000 annually;

Materials, equipment, supplies and services for programs in general, instrumental and vocal music, art and drama, approximately \$100,000 annually;

Math/science supplies, equipment and serviced for classrooms and laboratories, approximately \$75,000 annually;

Supplies and equipment to supplement the Monongalia County Technical Education Center programs, approximately \$100,000 annually;

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Duplication maintenance services for schools, approximately \$150,000 annually;

Supplies, services and equipment to supplement pupil services, community schools, after school programs, summer programs, Law Enforcement, alternative education and health services, approximately \$655,000 annually;

Extracurricular activities including, but not limited to, recreation programs, athletics, academic programs and services, and upgrade athletic facilities and playgrounds, approximately \$545,557 annually;

Salary, supplies, and travel for County 4-H program support, approximately \$20,000 annually;

Supplement the student services provided by the Monongalia County public libraries, approximately \$20,000 annually;

Supplement the student services provided by the Monongalia County Arts Center, approximately \$6,000 annually;

Repair, maintenance and improvements to buildings, facilities and equipment and to meet existing local, state and federal regulations and codes including, but not limited to, fire marshall, health department, Department of Environmental Protection and Americans with Disabilities Act, approximately \$850,000 annually;

Supplement professional personnel salaries and benefits, staff to address enrollment increases and/or reduced teacher/student ratio, and elective program grades 9-12, and for non-funded professional personnel mandates, and health services, approximately \$6,293,810 annually;

Materials, supplies, services, security and equipment for the operation of facilities, approximately \$850,000 annually;

Pupil transportation services including, but not limited to, the acquisition, operation, maintenance and repair of school buses, approximately \$450,000 annually;

A total of \$13,286,069 was received by the Board from the excess levy during the fiscal year ended June 30, 2003.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

6. General Fixed Assets

At June 30, 2003, the general fixed asset account group consisted of the following:

Land	\$ 1,762,220
Buildings and improvements	64,124,621
Furniture and equipment	13,695,072
Vehicles	<u>4,000,000</u>
Total general fixed assets	\$ <u>83,581,913</u>
Investment in general fixed assets	\$ <u>83,581,913</u>

7. Bonded Indebtedness

On June 1, 1999 the Board issued general obligation bonds of \$19,689,625 (par value) with an interest rate of 5.068% to advance refund bonds with an interest rate of 6.8 - 7.75% and a par value of \$20,550,000. The general obligation bonds were issued at par and, after paying issuance costs of \$65,000, the net proceeds were \$19,624,625. The net proceeds of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the Board's General Long-Term Debt Account Group.

On June 1, 1999 the Board has issued \$19,689,625 of general obligation refunding bonds to refinance an original general obligation bond issue. Interest is payable semiannually at 5.068% and the bonds mature in varying annual increments through April 1, 2005. Bonds payable at June 30, 2003 are:

Total bonds payable at June 30, 2003	\$ 7,457,108
Less: Current portion	<u>3,591,526</u>
Long-term bonds payable at June 30, 2003	\$ <u>3,865,582</u>

The advanced refunding was undertaken to reduce total debt service payments and to obtain an economic gain by making available to the Board the balance of monies in the debt service fund account of the refunded issue which had been collected to retire the bond issue. Securities were purchased and placed in an irrevocable trust for the purpose of making all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability was removed from the Board's General Long-Term Debt Account Group.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Bonds outstanding at June 30, 2003 are as follows:

<u>Year</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	10/01/03	5.068	\$ 64,940	\$ 188,963	\$ 253,903
2004	04/01/04	5.068	3,526,586	187,318	3,713,904
2005	10/01/04	5.068	34,849	97,954	132,803
2005	04/01/05	5.068	<u>3,830,733</u>	<u>97,071</u>	<u>3,927,804</u>
Total			\$ <u>7,457,108</u>	\$ <u>571,306</u>	\$ <u>8,028,414</u>
	Total bonded indebtedness at July 1 2002				\$ 10,801,019
	Issuances				-0-
	Maturities				<u>3,343,911</u>
	Total bonded indebtedness at June 30, 2003				\$ <u>7,457,108</u>

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. Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Operating lease expenditures for the year ended June 30, 2003 were \$200,593.

The following is a summary of the future minimum required lease payments by year under operating leases as of June 30, 2003:

<u>Year Ended June 30,</u>	
2004	\$ 200,640
2005	<u>200,640</u>
Total minimum lease payments	\$ <u>401,280</u>

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation, which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for Suncrest Middle School Equipment and those assets are leased from Bank of America for a period of fifteen years beginning June 16, 2003. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

**MONONGALIA COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 for the Board's capital leases:

<u>Year Ended June 30,</u>	
2004	\$ 22,413
2005	22,413
2006	22,413
2007	22,413
2008	22,413
2009	22,413
2010	22,413
2011	22,413
2012	22,413
2013	22,413
2014	22,413
2015	22,413
2016	22,413
2017	22,413
2018	<u>22,413</u>
Present value of minimum lease payments	\$ <u>336,195</u>

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, 2003 the Board's total payroll for all employees was \$50,961,269 and the payroll was \$48,325,216 for employees covered by the two retirement programs.

Of the total amount appropriated by the State of 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 revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

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.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Conversion of leave for post-retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

Teachers' Defined Benefit Retirement System

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system, which was established on July 1, 1941 and was closed for new members on July 1, 1991. 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 10 years of service, if the member is disabled for 6 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 5 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 5 highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and 10 year Certain and Life 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: At June 30, 2002, the plan's unfunded liability was \$4.6 billion according to the 2002 Actuarial Valuation Report.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board of Education contributes 15% of covered members gross compensation to the retirement plan, for a total of 21% annually.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 and the two previous years are as follows:

	<u>2000</u>	<u>2001</u>	<u>2003</u>
Required contribution	\$ <u>229,926,000</u>	\$ <u>254,050,000</u>	\$ <u>290,428,000</u>
As a % of current year covered payroll	<u>17.91%</u>	<u>19.27%</u>	<u>21.06%</u>

Total payments reflected in the Board's financial statements to the defined benefit plan for the year ended June 30, 2003 were:

Employees' contributions (6%)	\$ 1,567,488
Employer's contributions (15%)	<u>3,916,368</u>
 Total contributions	 \$ <u>5,483,856</u>

Plan Description: All Board employees hired after July 1, 1991 participate in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System may, now or in the future, freeze their benefits in the old plan and become a member of this plan. Members with less than 5 years of service in the old defined benefit plan may change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member has transferred to the defined contribution plan, the member is not allowed to rejoin the defined benefit plan.

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 5 percent. The investment options are: Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, VALIC Individually Allocated Fixed Annuity, Vanguard Money Market Reserves Prime, Washington Mutual Investors and Federated Max - Cap.

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, 2002, this plan has approximately \$353 million in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Milliman & Robertson, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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 year ended June 30, 2003 were:

Employees' contributions (4.5%)	\$ 998,711
Employer's contributions (7.5%)	<u>1,664,509</u>
Total contributions	\$ <u>2,663,220</u>

10. 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.

11. Restatement of Fund Balance(s)

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

	<u>General Current Expense</u>
Fund balance at June 30, 2002 as previously stated	\$ 4,575,561
Total adjustments (see below)	<u>30,961</u>
Fund balance at June 30, 2002	\$ <u>4,606,522</u>

The adjustment consisted of the following:

- *Prior years cancelled checks
- *Consolidated Public Retirement Board forfeitures

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

12. Unreserved Fund Balance - Designated

The Board has designated a portion of the unreserved balance of the General Current Expense Fund at June 30, 2003 to be expended for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Pepsi Contract	\$ 51,508
County Football	823
Technology E-Rate	138,919
MHS Gym Floor	1,500
Three Tier Funding	83
E. Lombardi Special Education Award	5,000
OT/PT Seminar Acct	117
Local Project	294
Local Project	491
Donations - Energy Express	12,890
MHS Distance Education	336
Technology - J. Taylor	140
ALC Assist Program	1,037
Playground	10,391
WV High Tech Consortium	13,605
Math Connections - S. Corder	268
RESA Grant - Special Education	5
Mylan - North	3,208
Three Tier Funding	4,258
BTG Donations	31
Three Tier Funding	17,193
Budget Digest	13,939
Heb B	2,856
Benedum Teacher Ed	47,509
Federal Unemployment Escrow	99,407
Tuition to LEA in State	<u>62,000</u>
 Total Unreserved Fund Balance - Designated	 \$ <u>487,808</u>

13. Commitments, Contingencies and Subsequent Events

As of June 30, 2003 the following commitments for construction and other capital improvements existed, which are included in the total amount of encumbrances reflected in the accompanying financial statements:

Suncrest Middle School MIP project 25210	\$ 1,683,713
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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

14. Required Individual Fund Disclosures

The following funds have an excess of expenditures over appropriations for the year ended June 30, 2003:

	<u>Actual</u> <u>Revenues and</u> <u>Other Sources</u>	<u>Actual</u> <u>Expenditures</u> <u>and Other (Uses)</u>	<u>Excess of</u> <u>Expenditures and</u> <u>Other (Uses) Over</u> <u>Revenues and</u> <u>Other Sources</u>
General Current Expense Fund	\$ 68,384,100	\$ 70,435,177	\$ 2,051,077
Capital Projects - Bond Construction Fund	571	43,175	42,604
Capital Projects - Permanent Improvement Fund	11,358	2,218,410	2,207,052

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and the excess had no impact on the financial results of the Board.

15. Other Contingencies

The Board of Education receives a majority of its support from grantors. Any significant reduction in the level of support from any of its grantors could have a material effect on the Board of Education's programs and activities.

**MONONGALIA COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS
SPECIAL REVENUE FUNDS
JUNE 30, 2003**

	<u>Special Revenue</u> <u>Fund-</u> <u>Restricted</u> <u>Projects</u>	<u>Special Revenue</u> <u>Fund-</u> <u>Individual</u> <u>Schools</u>	<u>Total</u> <u>(Memorandum Only)</u>
ASSETS			
Current Assets			
Cash - overdraft	\$(457,249)	\$ 1,690,043	\$ 1,232,794
Intergovernmental receivables:			
State aid to schools	12,307	-0-	12,307
Reimbursements	<u>2,437,239</u>	<u>-0-</u>	<u>2,437,239</u>
TOTAL ASSETS	\$ <u>1,992,297</u>	\$ <u>1,690,043</u>	\$ <u>3,682,340</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ <u>34,854</u>	\$ <u>-0-</u>	\$ <u>34,854</u>
Total liabilities	<u>34,854</u>	<u>-0-</u>	<u>34,854</u>
Fund Equity			
Fund Balances			
Reserved for encumbrances	409,848	41,541	451,389
Reserved for earmarked funds	1,729,302	-0-	1,729,302
Reserved for schools	-0-	1,648,502	1,648,502
Undesignated (deficit)	(<u>181,707</u>)	<u>-0-</u>	(<u>181,707</u>)
Total fund equity	<u>1,957,443</u>	<u>1,690,043</u>	<u>3,647,486</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>1,992,297</u>	\$ <u>1,690,043</u>	\$ <u>3,682,340</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Special Revenue</u> <u>Fund-</u> <u>Restricted</u> <u>Projects</u>	<u>Special Revenue</u> <u>Fund-</u> <u>Individual</u> <u>Schools</u>	<u>Total</u> <u>(Memorandum Only)</u>
Revenues			
Local sources:			
Other local sources	\$ 1,405,690	\$ 2,523,300	\$ 3,928,990
State sources	3,001,046	-0-	3,001,046
Federal sources	9,942,763	-0-	9,942,763
Total revenues	<u>14,349,499</u>	<u>2,523,300</u>	<u>16,872,799</u>
Expenditures			
Regular elementary/secondary programs	6,525,208	-0-	6,525,208
Special education programs	1,497,703	-0-	1,497,703
Vocational education programs	265,623	-0-	265,623
Other elementary/secondary programs	-0-	2,505,586	2,505,586
Adult/continuing education programs	1,158,214	-0-	1,158,214
Community services programs	298,276	-0-	298,276
Undistributed expenditures	5,701,958	-0-	5,701,958
Total expenditures	<u>15,446,982</u>	<u>2,505,586</u>	<u>17,952,568</u>
(Deficiency) excess of revenues (under) over expenditures	(<u>1,097,483</u>)	<u>17,714</u>	(<u>1,079,769</u>)
Other Financing Sources (Uses)			
Operating transfers in	1,726,989	-0-	1,726,989
Operating transfers (out)	(<u>214,061</u>)	<u>-0-</u>	(<u>214,061</u>)
Total other financing sources	<u>1,512,928</u>	<u>-0-</u>	<u>1,512,928</u>
Excess of revenues and other financing sources over expenditures	415,445	17,714	433,159
Fund balance at June 30, 2002	<u>1,541,998</u>	<u>1,672,329</u>	<u>3,214,327</u>
Fund balance at June 30, 2003	\$ <u>1,957,443</u>	\$ <u>1,690,043</u>	\$ <u>3,647,486</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS
 CAPITAL PROJECT FUNDS
 JUNE 30, 2003**

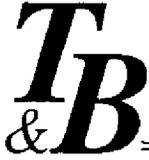
	<u>Capital Projects- Bond Construction</u>	<u>Capital Projects- Permanent Improvement</u>	<u>Capital Projects- Capital Projects</u>	<u>Total (Memorandum Only)</u>
ASSETS				
Cash	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>1,296,465</u>	\$ <u>1,354,425</u>
TOTAL ASSETS	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>1,296,465</u>	\$ <u>1,354,425</u>
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>667,320</u>	\$ <u>667,320</u>
Total current liabilities	<u>-0-</u>	<u>-0-</u>	<u>667,320</u>	<u>667,320</u>
Fund Equity				
Reserved for encumbrances	-0-	14,640	1,683,713	1,698,353
Reserved for capital projects	-0-	43,320	-0-	43,320
Undesignated (deficit)	<u>-0-</u>	<u>-0-</u>	<u>(1,054,568)</u>	<u>(1,054,568)</u>
Total fund balance	<u>-0-</u>	<u>57,960</u>	<u>629,145</u>	<u>687,105</u>
TOTAL LIABILITES AND FUND EQUITY	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>1,296,465</u>	\$ <u>1,354,425</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - REGULATORY BASIS
 CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Capital Projects- Bond Construction</u>	<u>Capital Projects- Permanent Improvement</u>	<u>Capital Projects- Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues				
Local sources:				
Other local sources	\$ 571	\$ 11,358	\$ -0-	\$ 11,929
Miscellaneous sources	<u>-0-</u>	<u>-0-</u>	<u>375,250</u>	<u>375,250</u>
Total revenues	<u>571</u>	<u>11,358</u>	<u>375,250</u>	<u>387,179</u>
Expenditures				
Capital projects	<u>4,600</u>	<u>1,953,140</u>	<u>1,099,950</u>	<u>3,057,690</u>
Total expenditures	<u>4,600</u>	<u>1,953,140</u>	<u>1,099,950</u>	<u>3,057,690</u>
(Deficiency) of revenues (under) expenditures	(4,029)	(1,941,782)	(724,700)	(2,670,511)
Other Financing Sources (Uses)				
Operating transfers in	-0-	-0-	1,353,845	1,353,845
Operating transfers (out)	<u>(38,575)</u>	<u>(265,270)</u>	<u>-0-</u>	<u>(303,845)</u>
Total other financing (uses) sources	<u>(38,575)</u>	<u>(265,270)</u>	<u>1,353,845</u>	<u>1,050,000</u>
(Deficiency) excess of revenues (under) over expenditures and other financing (uses) sources	(42,604)	(2,207,052)	629,145	(1,620,511)
Fund balance at June 30, 2002	<u>42,604</u>	<u>2,265,012</u>	<u>-0-</u>	<u>2,307,616</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>629,145</u>	\$ <u>687,105</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.



**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

We have audited the financial statements of the Monongalia County Board of Education as of and for the year ended June 30, 2003, and have issued our report thereon dated November 18, 2003, which was modified because the Board of Education prepares its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Compliance

As part of obtaining reasonable assurance about whether the Monongalia County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item #03-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monongalia County Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Monongalia County Board of Education management, others within the Organization, the West Virginia State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

November 18, 2003



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

Compliance

We have audited the compliance of the Monongalia County Board of Education with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The Monongalia County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Monongalia County Board of Education's management. Our responsibility is to express an opinion on the Monongalia County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monongalia County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Monongalia County Board of Education's compliance with those requirements.

As described in item #03-02 in the accompanying schedule of findings and questioned costs, Monongalia County Board of Education did not comply with the requirements regarding:

#03-02 Eligibility - applicable to the Child Nutrition Cluster:
School Breakfast Program/National School Lunch Program

Compliance with such requirements is necessary, in our opinion, for Monongalia County Board of Education to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Monongalia County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Monongalia County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Monongalia County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Monongalia County Board of Education's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #03-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item #03-03 to be a material weakness.

This report is intended for the information and use of the Monongalia County Board of Education management, others within the Organization, the West Virginia State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

November 18, 2003

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

A. Summary of Audit Results

1. The auditor's report expresses a unqualified opinion on the financial statements of the Monongalia County Board of Education in accordance with the basis of accounting prescribed by the West Virginia Department of Education.
2. No matters were disclosed during the audit of the financial statements in the Report On Compliance And Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards, involving internal control.
3. One instance of noncompliance material to the financial statements of the Monongalia County Board of Education was disclosed during the audit.
4. One reportable condition relating to the audit of the major federal award programs is disclosed in the Report On Compliance With The Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. This condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the Monongalia County Board of Education expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for the Monongalia County Board of Education are reported in this schedule.
7. The programs tested as major programs are:

U.S. Department of Agriculture

Child Nutrition Cluster: School Breakfast Program/National School Lunch Program	#10.553./10.555
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U.S. Department of Education

Title I - Grants to Local Educational Agencies	#84.010
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U.S. Department of Education

Special Education - Grants to States	#84.027
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U.S. Department of Health & Human Services

Administration for Children and Families Head Start and Early Start	#93.600
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U.S. Department of Education

Twenty-First Century Community Learning	#84.287
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U.S. Department of Education

Improving Teacher Quality State Grants	#84.367
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**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Monongalia County Board of Education did not qualify as a low-risk auditee.

B. Findings - Financial Statements Audit

Reportable Conditions

#03-01 Drug-Free Workplace Verification Statement

Condition: We noted during our audit three instances where the Monongalia County Board of Education did not obtain a signed Drug-Free Workplace Verification Statement from employees in regards to the County's Drug-Free Workplace Policy.

Criteria: The County's Policy states in part:

As a condition of employment with the Monongalia County Board of Education, employees shall

- (1) abide by the terms of this policy; compliance is mandatory; and
- (2) notify their supervisor or department head of any criminal drug statute conviction for a violation occurring in the workplace, no later than 5 days after such conviction; and
- (3) Sign the "Drug-Free Workplace Verification Statement."

It shall be the responsibility of the Monongalia County Board of Education to establish a drug awareness program for Monongalia County Schools employees to provide information on the following: the Employee Assistance Program; the dangers of drug-abuse in the workplace; the establishment and maintenance of a drug-free workplace; the penalties for workplace drug-abuse; available drug-free literature.

Cause: Effective procedures were not in place to ensure that all employees of the Monongalia County Board of Education sign a Drug-Free Workplace Policy Verification Statement.

Effect: As a result of this non-compliance, questions could arise regarding the adhering of the County's Drug-Free Workplace Policy.

Recommendations: It is recommended that the Monongalia County Board of Education institute procedures to ensure that all County policy's are followed by employees and that all required policy documentation is obtained.

Audited Agency's Response: The Personnel Department has been informed of this finding and is instructed to perform an audit of all personnel files to insure that a signed statement is on file for all employees.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

C. Findings and Questioned Costs - Major Federal Award Programs Audit

#03-02 Eligibility

U.S. Department of Agriculture

Child Nutrition Cluster: School Breakfast Program/
National School Lunch Program
CFDA #10.553/10.555

Questioned
Costs

Condition: We noted during our audit, that three student applications tested for eligibility were approved to receive free meals in the School's computer system, but based on income guidelines should have been approved to receive reduced priced meals.

Criteria: Federal regulations require that income eligibility must be determined based on the guidelines to determine participant eligibility.

Cause: The determination for the eligibility of free and reduced meals was incorrectly assessed.

Effect: If proper and accurate documentation and approval is not carried out by the Board of Education, then the Board could be furnishing free or reduced meals to students who are not eligible.

Recommendations: We recommend that the Board take the necessary steps to ensure that accurate determinations are made on the eligibility of each student receiving benefits.

Furthermore, we recommend that the Treasurer of the Board of Education contact the West Virginia Department of Education for payback considerations.

Audited Agency's Response: The Board of Education Treasurer and the Child Nutrition Director will contact the Principals of each school and request that the Principals pay stronger attention to the income eligibility guidelines, when students are approved for free and reduced meals.

Total Questioned Costs

\$ 237

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

#03-03 Purchase Orders

U.S. Department of Education

Twenty-First Century Community Learning
CFDA #84.287

Questioned
Costs

Condition: We determined during our audit that some purchase orders were issued after invoices were received. From the major program, 40 cash disbursements were tested and the following number of instances where the purchase orders were issued after the invoice was received as follows:

<u>Program</u>	<u>CFDA#</u>	<u>Number of Instances</u>
Twenty-First Century Community Learning	#84.287	3

Criteria: In order to maintain a proper accounting of expenditures, purchase orders must be issued prior to placing the order for purchases, incurring the debt and receiving the invoice. This request for purchases must then be compared to the budget to determine if funds are available in that line item in order to allow approval of the expenditure.

Cause: Purchase procedures require that purchases be approved in advance of the obligation being incurred. Expenditures have been incurred without an approved requisition in advance, through the purchasing procedures which are in place.

Effect: As a result of the failure to prepare, approve, and record purchases prior to incurring the debt and receiving the invoice, the board has increased the risk of improper expenditures, excess expenditures and other possible violations of the West Virginia State Code.

Recommendations: It is recommended that the Monongalia County Board of Education implement purchase order procedures to insure that ALL purchases are approved prior to the debt for such purchases or services being incurred. Approved purchase orders should serve to verify that invoices are in agreement with such approved purchase orders.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Questioned
Costs

Audited Agency's Response: The board has adequate policies pertaining to purchase orders. All personnel responsible for purchasing have been informed that any purchase made prior to a purchase order being issued will be an unauthorized purchase order and may subject the individual to personal liability for the purchase even though the materials or services are used in the public school system.

Total Questioned Costs

\$ -0-

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture			
Passed-through State Department of Health and Human Resources Food Distribution	10.550	88	\$ 161,457
Pass-through West Virginia Department of Education			
Child Nutrition Cluster: School Breakfast Program/National School Lunch Program	10.553/10.555	88	<u>3,951,695</u>
Total U.S. Department of Agriculture			\$ <u>4,113,152</u>
U.S. Department of Education			
Pass-through West Virginia Department of Education			
<u>Program Title</u>			
Adult Education - State Administrated Basic Grant Program	84.002	61	\$ 147,016
Title I Programs - Local Educational Agencies	84.010	41	2,067,439
Special Education - Grants to States	84.027	43	1,393,083
Vocational Education - Basic Grants to States	84.048	50,62	178,794
Federal Pell Grant Program	84.063	N/A	235,978
Special Education - Preschool Grants	84.173	43	75,518
Eisenhower Professional Development State Grants	84.281	40	4,576
Safe and Drug-Free Schools and Communities - State Grants	84.186	48	69,570

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Education for Homeless Children and Youth	84.196	54	\$ 12,702
Even Start - State Educational Agencies	84.213	41	254,277
Fund for the Improvement of Education	84.215	49	10,668
Education Technology Literacy Grants	84.318	49	11,782
Twenty-First Century Community Learning	84.287	49	983,955
Goals 2000 State and Local Education Systemic Improvement Grants	84.276	49	248,705
Parental Assistance Centers	84.310	41	18,851
Foreign Language Assistance	84.293	49	1
Innovative Education Program Strategies	84.298	42	20,348
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	49	241,549
Class Size Reduction	84.340	42	43,890
School Renovation Grants	84.352	43	49,890
Improving Teacher Quality State Grants	84.367	40	<u>539,311</u>
Total U.S. Department of Education			\$ <u>6,607,903</u>

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through West Virginia Department of Education			
<u>Program Title</u>			
Center for Disease Control and Prevention	93.283	49	\$ 1,178
Temporary Assistance for Needy Families	93.558	49	3,989
Child Care and Development Block Grant	93.575	49	7,601
Head Start	93.600	32	2,094,412
Developmental Disabilities Basic Support	93.630	49	<u>7,125</u>
Total U.S. Department of Health and Human Services			\$ <u>2,114,305</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>12,835,360</u>

The accompanying notes are an integral part of this schedule.

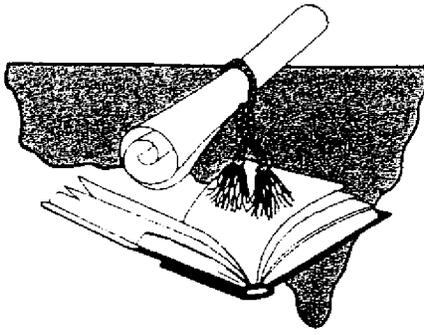
**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of the Monongalia County Board of Education and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The Board received and disbursed \$161,457 in food commodities in the Donated Foods Program for the year ended June 30, 2003.



MONONGALIA COUNTY SCHOOLS

13 South High Street, Morgantown, WV 26501
Phone 304-291-9210 FAX 304-291-3015

BOARD OF EDUCATION

Nancy A. Walker, *President* • Dr. Michael T. Yura, *Vice-President*
Stephen L. Cook • Dr. Barbara L. Parsons • Joseph C. Statler
November 18, 2003

SUPERINTENDENT
Dr. Michael J. Vetere, Jr.

CORRECTIVE ACTION PLAN

U.S. Department of Education and
the U.S. Department of Agriculture

Monongalia County Board of Education respectfully submits the following corrective action plan for the year ended June 30, 2003. Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC, P.O. Box 1916, Clarksburg, WV 26302-1916. Audit period: July 1, 2002 through June 30, 2003.

The findings from the June 30, 2003 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. Findings - Financial Statement Audit

Reportable Conditions

#03-01 Drug-Free Workplace Verification Statement

Recommendation: It is recommended that the Monongalia County Board of Education institute procedures to ensure that all County policy's are followed by employees and that all required policy documentation is obtained.

Action Taken: The Director of Personnel has been informed of this finding and is instructed to perform an audit of all personnel files to insure that a signed drug free statement is on file for all employees. Procedures and internal controls are to be developed and implemented to insure that drug free statements for all personnel are properly signed and filed in the employee's personnel file.

C. Findings and Questioned Costs - Major Federal Award Program Audit

#03-02 Eligibility

U.S. Department of Agriculture

*Child Nutrition Cluster: School Breakfast Program/National School Lunch Program
CFDA #10.553/10.555*

Recommendations: We recommend that the Board take the necessary steps to ensure that accurate determinations are made on the eligibility of each student receiving benefits.

Furthermore, we recommend that the Treasurer of the Board of Education contact the West Virginia Department of Education for payback considerations.

Action Taken: The Board of Education Treasurer and the Child Nutrition Director have contacted the Principals of each school and requested that the Principals pay stronger attention to the income eligibility guidelines, when students are approved for free and reduced meals. Furthermore, the Treasurer of the Board of Education will contact the West Virginia Department of Education for payback considerations.

#03-03 Purchase Orders

U.S. Department of Education

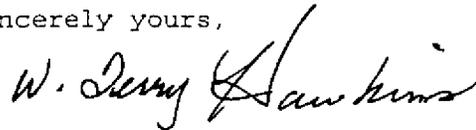
Twenty-First Century Community Learning CFDA #84.287

Recommendations: It is recommended that the Monongalia County Board of Education implement purchase order procedures to insure that ALL purchases are approved prior to the debt for such purchases or services being incurred. Approved purchase orders should serve to verify that invoices are in agreement with such approved purchase orders.

Action Taken: The board has adequate policies pertaining to purchase orders. All personnel responsible for purchasing have been informed that any purchase made prior to a purchase order being issued will be an unauthorized purchase and may subject the individual to personal liability for the purchase even though the materials or services are used in the public school system.

If the U.S. Department of Education and the U. S. Department of Agriculture, have questions regarding this plan, please contact W. Terry Hawkins, Treasurer, at (304)291-9210.

Sincerely yours,



W. Terry Hawkins, Treasurer
Monongalia County Board of Education

**MONONGALIA COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number: #02-03 Indirect Costs

U.S. Department of Health and Human Services

Head Start CFDA #93.600

Condition: We noted during our audit that indirect costs were incorrectly charged to the programs receiving funding under Head State CFDA #93.600. These charges are not in compliance with the U.S. Office of Management and Budget (OMB) Circular A-87.

Recommendation: The Monongalia County Board of Education is directed to receive assistance from the West Virginia Department of Education in order to payback the amount that was incorrectly charges, or to adjust future claims.

Current Status: This condition has been corrected and is not a finding as of the June 30, 2003 audit.

Reference Number: #02-04 Accounts and Records

U.S. Department of Agriculture

*Child Nutrition Cluster: School Breakfast Program/National School Lunch
Program CFDA #10.553/10.555*

Condition: We noted during our tests for eligibility of income for the Child Nutrition Program, that one school did not retain its *Applications for Free and Reduced Price Meals*.

Recommendation: It is recommended that the Monongalia County Board of Education take all necessary steps to inform responsible personnel of the record retention policies and procedures.

Current Status: This condition has been corrected and is not a finding as of the June 30, 2003 audit.

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APPENDIX B

Economic and Demographic Data

COUNTY OF MONONGALIA(WEST VIRGINIA)

Introduction

Location: Monongalia County is located in the North-Central part of the State of West Virginia and is 156 miles from the City of Charleston, West Virginia (the State Capitol), 73 miles from Pittsburgh, Pennsylvania, 76 miles from Wheeling, West Virginia, and 212 miles from Washington, D.C.

County Seat: City of Morgantown

Commissioners: Asel Kennedy, President, Robert Bell and John W. Pyles

Population

Year	Monongalia County	West Virginia	United States
1990 Census	75,509	1,792,548	249,622,814
2000 Census	81,922	1,807,099	282,124,631
2002 (July 1)	82,895	1,801,873	288,368,698

Economy

The ten (10) largest employers, the type of business and number of employees for such companies for the year 2003 in the County are:

Employer	Product/Service
West Virginia University	Education
West Virginia University Hospitals	Health
Monongalia Co. Board of Education	Education
Mylan Pharmaceuticals, Inc.	Mfg.
University Health Associates	Health
Monongalia General Hospital	Health
Teletech Customer Care Mgt. (WV), Inc.	
Gabriel Brothers, Inc.	Retail
WV Dept. of Health & Human Resources	Services
Wal-Mart Stores, Inc.	Retail

Average Annual Unemployment Rates (%)

Year	Monongalia County	West Virginia
1998	3.5	6.6
1999	3.4	6.6
2000	2.4	5.5
2001	2.1	4.8
2002	2.8	6.1
2003	3.0	6.4

Average Annual Employment by Industry

Industry	1999	2000	2001*	2002*
Agriculture	126	126	N/A	N/A
Mining	654	639	N/A	N/A
Natural Resources & Mining	N/A	N/A	548	527
Construction	1,428	1,534	1,600	1,594
Manufacturing	2,522	2,573	41	2,333
Transportation & Public Utilities	1,070	1,114	N/A	N/A
Wholesale Trade	1,088	964	N/A	N/A
Retail Trade	7,747	7,980	N/A	N/A
Trade, Transportation & Utilities	N/A	N/A	6,044	6,144
Information	N/A	N/A	653	654
Finance, Insurance & Real Estate	1,231	1,255	N/A	N/A
Financial Activities	N/A	N/A	1,249	1,276
Professional & Business Services	N/A	N/A	3,768	3,864
Education & Health Services	N/A	N/A	9,051	9,361
Leisure and Hospitality	N/A	N/A	4,144	4,149
Other Services	N/A	N/A	1,317	1,254
Services	12,438	13,577	N/A	N/A
Non-Classifiable Establishments	N/A	29	N/A	N/A
Government	<u>11,349</u>	<u>11,630</u>	<u>11,915</u>	<u>12,201</u>
TOTAL	39,663	41,222	42,631	43,399

*NAICS Based

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1997	2002	1997	2002
Monongalia County	38,162	43,399	\$24,211	\$29,585
West Virginia	669,108	755,000	\$24,715	\$28,615

Per Capita Personal Income

County	1990	2001	Rank in State
United States	\$19,572	\$30,413	---
West Virginia	\$14,579	\$22,862	---
Monongalia County	\$15,690	\$25,878	6

Wages Per Industry (2002) (\$)

Industry	Total Wages	Average Annual Wage
Natural Resources & Mining	20,822,091	39,511
Construction	45,871,511	28,778
Manufacturing	118,294,035	50,705
Trade, Transportation & Utilities	133,042,267	21,654
Information	22,151,714	33,871
Financial Activities	38,752,579	30,370
Professional & Business Services	100,963,390	26,129
Education & Health Services	308,293,022	32,934
Leisure and Hospitality	40,648,094	9,797
Other Services	25,393,287	20,250
Government	<u>429,243,686</u>	<u>35,181</u>
TOTAL	1,283,963,867	29,585

Total Wages (\$)

Year	Monongalia County	West Virginia
1996	930,602,717	15,952,131,690
1997	923,957,941	16,537,513,606
1998	985,784,339	17,153,017,978
1999	1,040,367,915	17,708,843,730
2000	1,135,724,482	18,464,578,396
2001	1,226,238,612	19,190,285,426
2002	1,283,963,867	19,549,827,426

Community Data

Education Facilities	
Elementary	20
Middle or Jr. High	4
High Schools	3
Vocational Schools	1
Other	0
Colleges:	
West Virginia University, City of Morgantown (Monongalia County)	
Fairmont State College, City of Fairmont (Marion County)	
Salem International, City of Salem (Harrison County)	
Recreational Facilities	
Parks	10
Baseball-Softball Fields	20
Basketball Courts:	
Indoor	15
Outdoor	25
Playgrounds	47
Swimming pools	8
Auditoriums	6
Stadiums	3
Theaters:	
Indoors	13
Outdoors	0
Golf Courses	7
Tennis Courts:	
Indoor	5
Outdoor	25
Country Clubs	2
Medical	
Hospitals	3
Beds	727
Doctors	493
Dentists	101

Transportation	
Highways:	
WV Routes	218,100.7
US Routes	119.19
Carriers available	Yes
Parcel service available	Yes
	3
Industrial Parks	
Airports:	Morgantown Municipal, Morgantown
Railroads:	CSXT, Norfolk & Southern, Monongalia
Motor Freight Carriers	Yes
Bus Service	Yes

Newspapers:	2
Telephone:	Verizon, Citizens Mountain State, West Side
TV Station	1
Radio Stations	7

Utilities	
Electricity:	Allegheny Power
Natural Gas:	AV Gas, Blackville Oil & Gas, Carnegie Natural Gas, Allegheny Power, Hope Gas, Pennzoil

Other Data	
Child Care	28
Banks (including branches)	24
Libraries	4

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

_____, 2004

\$50,000,000
The Board of Education of the County of Monongalia (West Virginia)
Public School Bonds, Series 2004

The Board of Education of the
County of Monongalia
Morgantown, West Virginia

[Bond Purchaser]

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of \$50,000,000 Public School Bonds, Series 2004 (the "Bonds"), of Monongalia County School District, by and through The Board of Education of the County of Monongalia, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated _____ 1, 2004, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of \$5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2004, at the rates set forth in the Official Statement of the Issuer, dated _____, 2004. The Bonds are subject to redemption prior to maturity as described therein.

The Bonds were authorized at an election held in Monongalia County School District on October 4, 2003, and by a resolution and order adopted by the Issuer on February 24, 2004, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction and equipping of new public school facilities in Monongalia County School District, and paying costs of issuance of the Bonds.

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

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

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

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Monongalia County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount. The Issuer has outstanding its Public School Refunding Bonds, Series 1999, dated June 1, 1999, originally issued in the aggregate principal amount of \$19,689,625 and currently outstanding in the aggregate principal amount of \$ _____, payable on a parity from the same sources as the Bonds.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds except as expressly set forth as paragraph 5.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

04/07/04
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APPENDIX D

PROPOSED PROJECTS

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

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u>	
		<u>Bond Proceeds</u>	<u>SBA Grant</u>
1. UNIVERSITY HIGH SCHOOL Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon School	\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including a gymnasium, locker rooms, cafeteria, kitchen, auditorium and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including classrooms, media center, administrative and student services facilities to include HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$4,000,000	\$-0-

4.	REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-
	TOTALS		\$50,00,000	\$15,585,000

Approximate total cost to be paid from bond proceeds \$50,000,000

Approximate total cost to be paid from SBA grants \$15,585,000

Approximate total cost of all projects \$65,585,000

ELECTED OFFICIALS OF THE BOARD

Nancy A. Walker, Board President

Mrs. Walker has been an elected member of the Board since 1996. She has served as it's vice-president and is presently serving her second term as President of the Monongalia County Board of Education. She was educated in Harrison County Schools and is a graduate of West Virginia University Hospitals Radiology and Ultrasound Program. She is locally employed in that field. Mrs. Walker and her husband have two children, who attend Monongalia County Schools with one now attending West Virginia University.

Stephen L. Cook

Mr. Cook is serving his second term as a member of the Monongalia County Board of Education. He is 62 years old, married and the father of three children. He holds BA and MA degrees from the University of Iowa. Presently, Mr. Cook is the Director of Institute for Labor Studies and Research at West Virginia University and an Associate Professor. He is a member of the Governor's Coal Mine Health and Safety Board and the Region 7 Work Force Investment Board. He is a former member of the West Virginia House of Delegates (1980-82, 1988-94); West Virginia Senate (1982-86), and former State Labor Commissioner of West Virginia (1977-79)

Dr. Barbara L. Parsons

Dr. Parsons is a member of the Monongalia County Board of Education, elected in 2002. She is the Director of Education Services with Monongalia Health System, Coordinator of Leadership Monongalia, Treasurer of the Board of Directors of the Lutheran Affiliated Services (Pittsburgh, Pa.) and a former Vice-Chair of the Morgantown Utility Board.

Joseph C. Statler

Mr. Statler was elected to the Monongalia County Board of Education in 2002. He graduated from Clay-Battelle High School in 1971. He is retired from Consol Energy, Inc. after 26 years of service, 23 as a foreman. He has been involved with several school and county committees since 1985. He is a member of the Board of the Monongalia County School Foundation, Chairman of the Monongalia County Extension Service Committee and a member of the Board of Morgantown-Monongalia County Transportation Planning Organization. He is also a member of the Olive United Methodist Church and Chairman of the Trustees.

Dr. Michael T. Yura

Dr. Yura, Senior Vice President for the National Biometric Security Project (NBSP), located in Morgantown, oversees all West Virginia activities. NBSP is tasked with assisting all non-defense department agencies and the private sector with integrating biometric technologies to protect critical infrastructure against terrorism.

Dr. Yura closely works with WVU Biometric Knowledge Center and the WVU Center for ID Technology, Research (CITeR) and the DoD Biometric Fusion Center of the biometric Management Office (BMO) for the Dept. of the Army as part of its WV activities. He is also an adjunct professor in the Lane Dept. of Computer Science Electrical Engineering and Biometric Systems. In addition to his professional activities, he is currently Vice President of the Monongalia County Board of Education.

Prior to joining NBSP, Dr. Yura was the first Director of the Forensic Identification Program at WVU, where he facilitated a Memorandum of Understanding between WVU and the FBI to fill an international

void in training and degree programs by creating degree programs in Forensic and Investigative Science and in Biometric Systems. During this period, two additional government-academia partnerships at WVU were created: WVU in the home of the Center for Identification Technology Research (CITeR) under a National Science foundation-sponsored industry-University Collaboration in biometrics; and the national Security Agency designated WVU's Information Assurance (IA) Program as a Center of Excellence in IA Education.

Dr. Yura started his career at West Virginia University in 1971, where he was a full professor in the Counseling Psychology Dept. He earned his Ph.D. from Ohio State University. He also attended Mount Saint Mary's College University of Texas and Temple University prior to receiving his doctorate degree.

APPOINTED OFFICIALS OF THE BOARD

Dr. Michael J. Vetere, Jr.

Dr. Vetere has been Superintendent of Monongalia County Schools since July 1999 and has more than 30 years of additional administrative and educational experience in Pennsylvania and Indiana.

He earned his BS Degree from Mansfield State College, an MA Degree from Ball State University and his doctorate from the University of Pittsburgh.

W. Terry Hawkins

Mr. Hawkins has been Chief School Business Official and Treasurer for the Monongalia County Board of Education since November 1993. Prior to joining the school system, he was employed by the State of West Virginia Department of Tax and Revenue as an auditor for over twenty years.

Mr. Hawkins received his BS degree in Business Administration from West Virginia University in 1972.

Dr. Janice Christopher

Ms. Christopher has been Assistant Superintendent in Monongalia County since July 1997 and has more than twenty-five years of additional administrative experience in Berkeley County, WV and Loudoun Co., Va.

She earned a BS and MA from West Virginia University and her doctorate from Virginia Tech.

Dr. Sharon Harsh

Dr. Harsh is the Assistant Superintendent for Curriculum and Instruction in Monongalia County Schools, a position she had held since February 2001. She has more than twenty-five years of experience as a county administrator, also serving as Assistant Superintendent in Barbour and Preston Counties.

She has a doctorate in Education Administration and Instructional Leadership from West Virginia University. She completed elementary, early childhood and reading certification at Fairmont State College and West Virginia University, school psychology certification at Indiana University of Pennsylvania and social services and attendance certification at Glenville State College.

She is a member of the West Virginia Association of School Administrators, Association for Curriculum and Supervision, and the International Reading Association. She has served for fifteen years as an adjunct instructor at the undergraduate and graduate levels and is a member of numerous community organizations.

Jacob Mullett

Mr. Mullett has been Assistant Superintendent in Monongalia County Schools since 1989. He served as administrative assistant the year prior to being named an assistant superintendent.

He was previously a teacher at Sabraton Junior High School for four years and served as a principal of Cass Junior High School, Clay-Battelle High School and South Junior High School for sixteen years.

He holds BS and MA degrees from West Virginia University.

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY of MONONGALIA (the “Issuer”), and United Bank, Inc., Charleston, West Virginia (the “Dissemination Agent”), in connection with the issuance of \$50,000,000, The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004 (the “Bonds”);

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the “SEC”).

“Disclosure Representative” shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Holders” shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of West Virginia.

“State Repository” shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

“Underwriter” shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2003-2004 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer’s Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications to rights of security holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Paying Agent or the Paying Agent in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees

Dated: _____, 2004.

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (West Virginia)

By: _____

Title President

A West Virginia State Banking corporation,

By: _____

Title: _____

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Monongalia (West Virginia)

Name of Bond Issue: \$50,000,000 Public School Bonds, Series 2004

Date of Bond Issue: _____, 2004

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated _____, 2004, to be provided. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____,

on behalf of the Issuer

cc: [Issuer]

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APPENDIX G

OFFICIAL NOTICE OF SALE

\$50,000,000

THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

Sealed proposals will be received on behalf of The Board of Education of the County of Monongalia (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Prevailing Time on May 12, 2004, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the \$50,000,000 Public School Bonds, Series 2004 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Notice through Dalcomp will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on May 1 in the years and in the amounts as follows:

Maturing (May 1)	Principal Amount (\$)
2006	905,000
2007	945,000
2008	990,000
2009	1,035,000
2010	1,085,000
2011	1,135,000
2012	1,190,000
2013	1,245,000
2014	1,300,000
2015	1,360,000
2016	1,425,000
2017	1,490,000
2018	1,560,000
2019	1,635,000
2020	1,710,000
2021	1,790,000
2022	1,870,000
2023	1,960,000
2024	2,050,000
2025	2,145,000
2026	2,245,000
2027	2,350,000
2028	2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033	3,085,000

The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

Bidders have the option of specifying that the principal amount of the Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in this Official Notice of Sale.

Consecutive maturities combined by bidders to form term bonds shall be subject to mandatory sinking fund redemption in part on each May 1, commencing with the first year of the consecutive maturities so combined, at the principal amount set forth in the maturity schedule on the cover page of the Preliminary Official Statement and in this Official Notice of Sale, plus accrued interest to the date fixed for redemption.

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monongalia County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds when due.

The Bonds will be dated May 1, 2004, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

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

Interest on the Bonds will accrue from May 1, 2004, and will be payable November 1, 2004, and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Dr. Michael Vetere, Superintendent of Schools of the County of Monongalia, delivered to the address shown in the first paragraph in this Notice of Sale, and marked on the outside in substance "Proposal for Bonds". Each proposal must state the amount bid for the Bonds (not less than \$50,000,000 or greater than 106% of the par value of the Bonds) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must **not** state:

- (a) any interest rate which is in excess of 6.5% per annum;
- (b) more than one interest rate for any Bonds having like maturity;
- (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than three percent (3%).

In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds (\$1,000,000), payable to the order of The Board of Education of Monongalia County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as partial payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

As an alternative to delivering a good faith check as described above, a bidder may enclose with its bid a financial surety bond in the amount of \$1,000,000 issued by an insurance company, the claims paying ability of which is rated AAA by Standard and Poor's Rating Group and is licensed to issue such a bond in the State of West Virginia, naming the Board as beneficiary (a "Surety Bond"). The Surety Bond will identify the bidder whose deposit is guaranteed by the Surety Bond. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the Board \$1,000,000 in immediately available funds not later than 12:00 noon (Prevailing Time) on the next business date succeeding the date of award of the Bonds. In the event that the Board has not received such federal funds wire by the time stated, the Board may draw upon the Surety Bond to satisfy the successful bidder's deposit requirement.

Unless it rejects all proposals for the Bonds (which right is hereby retained), the Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Bonds at the lowest cost, and the right to purchase the Bonds will be awarded to such successful bidder. Such cost under each proposal will be determined by computing the total amount of interest payable on the Bonds, at the rates stated in such proposal, from May 1, 2004, until their respective maturities and deducting therefrom the sum (if any) by which the amount bid for the bonds in such proposal exceeds the principal amount of the Bonds. If there be more than one such proposal making such offer at the same lowest cost, the Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest cost.

The Bonds will be delivered upon payment of the balance of the purchase price, including accrued interest, in Federal Funds payable to the order of "The Board of Education of the County of Monongalia, West Virginia". The Bonds will be delivered on or about May 26, 2004, at such place in the City of New York, New York and on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes and that the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monongalia County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies

with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial

amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Dr. Michael Vetere, Monongalia County Board of Education, 13 South High Street, Morgantown, WV 26501 (Phone: 304/291-9210) or from Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA

By: /s/ Michael Vetere
Secretary, The Board of Education of the County of Monongalia

DATE: April 27, 2004

OFFICIAL FORM OF PROPOSAL

Date : _____, 2004

Dr. Michael Vetere, Superintendent
 The Board of Education of the County of Monongalia, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ _____ not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2006	905,000	_____	_____	2015	1,360,000	_____	_____	2024	2,050,000	_____	_____
2007	945,000	_____	_____	2016	1,425,000	_____	_____	2025	2,145,000	_____	_____
2008	990,000	_____	_____	2017	1,490,000	_____	_____	2026	2,245,000	_____	_____
2009	1,035,000	_____	_____	2018	1,560,000	_____	_____	2027	2,350,000	_____	_____
2010	1,085,000	_____	_____	2019	1,635,000	_____	_____	2028	2,460,000	_____	_____
2011	1,135,000	_____	_____	2020	1,710,000	_____	_____	2029	2,575,000	_____	_____
2012	1,190,000	_____	_____	2021	1,790,000	_____	_____	2030	2,690,000	_____	_____
2013	1,245,000	_____	_____	2022	1,870,000	_____	_____	2031	2,820,000	_____	_____
2014	1,300,000	_____	_____	2023	1,960,000	_____	_____	2032	2,950,000	_____	_____
								2033	3,085,000	_____	_____

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: _____

By: _____ Telephone: _____

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	- \$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	_____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

SPECIAL SCHOOL BOND ELECTION
Saturday, October 4, 2003

Shall the Board of Education of the County of Monongalia incur debt and issue Bonds in the amount of \$50,000,000, maturities on such Bonds to run not more than 29 years from the date of such Bonds, with interest not exceeding the rate of 6.50% per annum, payable semi-annually, for the purpose of making the following improvements in Monongalia County School District for the purpose of providing adequate, safe and convenient educational facilities for the School District and levy taxes sufficient to pay the principal of and interest on such Bonds?

NEW SCHOOLS

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>	
		<u>BOND PROCEEDS</u>	<u>SBA GRANT</u>
1. UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$ 18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$ 6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$ 9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$ 1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations, and site improvements	Existing Clay-Battelle High School	\$ 9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations	Existing Morgantown High School	\$ 5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$ 500,000	\$-0-
TOTALS		<u>\$ 50,000,000</u>	<u>\$ 15,585,000</u>
APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		<u>\$ 50,000,000</u>	
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		<u>\$ 15,585,000</u>	
APPROXIMATE TOTAL COST OF ALL PROJECTS		<u>\$ 65,585,000</u>	

*The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest during construction of the Project and for 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 or for additions, renovations or improvements to existing school facilities in the District any sum remaining unused upon completion of any other project or projects, or for additions, renovations or improvements to existing school facilities in the District 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

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

**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

**\$50,000,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2004**

Dated: May 1, 2004

Due: May 1, as shown below

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

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

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

Interest on the Bonds will accrue from May 1, 2004 and will be payable November 1, 2004 and semiannually thereafter (each May 1 and November 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

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

The payment, when due, of principal of and interest on the Series 2004 Bonds will be insured as described herein by MBIA Insurance Corporation.



**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIP
\$33,420,000 Serial Bonds**

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP 610219	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP 610219
2006	905,000	6.00	2.30	BH 9	2017	1,490,000	5.00	4.64	BU 0
2007	945,000	6.00	2.81	BJ 5	2018	1,560,000	5.00	4.71	BV 8
2008	990,000	6.00	3.23	BK 2	2019	1,635,000	5.00	4.77	BW 6
2009	1,035,000	6.00	3.57	BL 0	2020	1,710,000	5.00	4.83	BX 4
2010	1,085,000	6.00	3.81	BM 8	2021	1,790,000	5.00	4.90	BY 2
2011	1,135,000	6.00	4.02	BN 6	2022	1,870,000	5.00	4.97	BZ 9
2012	1,190,000	4.00	4.15	BP 1	2023	1,960,000	5.00	5.04	CA 3
2013	1,245,000	5.00	4.28	BQ 9	2024	2,050,000	5.00	5.11	CB 1
2014	1,300,000	5.00	4.40	BR 7	2025	2,145,000	5.00	5.18	CC 9
2015	1,360,000	5.00	4.51	BS 5	2026	2,245,000	5.00	5.22	CD 7
2016	1,425,000	5.00	4.61	BT 3	2027	2,350,000	5.00	5.19	CE 5

\$16,580,000 5.00% Term Bonds due May 1, 2033 at 5.21% CUSIP: 610219 CL 9

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Kay, Casto and Chaney, PLLC, Morgantown, West Virginia, Counsel to the Board. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about May 26, 2004.

MERRILL LYNCH & CO.

May 12, 2004

**THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)**

ELECTED OFFICIALS

Nancy A. Walker, President
Stephen L. Cook
Dr. Barbara L. Parsons
Joseph C. Statler
Dr. Michael T. Yura

APPOINTED OFFICIALS

Dr. Michael J. Vetere, Jr., Superintendent
W. Terry Hawkins, Treasurer
Dr. Janice Christopher, Assistant Superintendent
Dr. Sharon Harsh, Assistant Superintendent
Jacob Mullett, Assistant Superintendent

BOARD'S COUNSEL

Kay, Casto and Chaney PLLC
Morgantown, West Virginia

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

FINANCIAL ADVISOR

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

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Monongalia, West Virginia, to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds herein described by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Board from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

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**OFFICIAL STATEMENT
RELATING TO
\$50,000,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (West Virginia)
PUBLIC SCHOOL BONDS, SERIES 2004**

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$50,000,000 in aggregate principal amount of The Board of Education of the County of Monongalia (West Virginia) Public School Bonds, Series 2004 (the "Bonds"). A brief description of The Board of Education of the County of Monongalia, West Virginia (the "Board"), the Monongalia County School District (the "School District") and the County of Monongalia, West Virginia (the "County" or "Monongalia County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

THE BONDS

General

The Bonds are dated May 1, 2004, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1 in the years and amounts as follows:

MATURITIES, PRINCIPAL AMOUNTS AND INTEREST RATES

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)
2006	905,000	6.00
2007	945,000	6.00
2008	990,000	6.00
2009	1,035,000	6.00
2010	1,085,000	6.00
2011	1,135,000	6.00
2012	1,190,000	4.00
2013	1,245,000	5.00
2014	1,300,000	5.00
2015	1,360,000	5.00
2016	1,425,000	5.00
2017	1,490,000	5.00
2018	1,560,000	5.00
2019	1,635,000	5.00
2020	1,710,000	5.00
2021	1,790,000	5.00
2022	1,870,000	5.00
2023	1,960,000	5.00
2024	2,050,000	5.00
2025	2,145,000	5.00
2026	2,245,000	5.00
2027	2,350,000	5.00
2033 (Term Bonds)	16,580,000	5.00

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

Interest on the Bonds will accrue from May 1, 2004 and will be payable November 1, 2004 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Redemption

Optional Redemption. The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

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

Mandatory Sinking Fund Redemption. The Bonds maturing on May 1, 2033, are subject to mandatory sinking fund redemption by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the dates fixed for redemption in the years and in the amounts set forth below:

<u>Term Bonds Maturing May 1, 2033</u>	
<u>Year (May 1)</u>	<u>Principal Amount</u>
2028	2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033*	3,085,000

*Final Maturity

Unless waived by any holders of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Board, to 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 their 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 Board shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

Book-Entry Only System

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

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities on behalf of its participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates.

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

Purchasers of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

Purpose

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

Authority

The issuance of the Bonds and the levy of taxes sufficient to pay the interest on and principal of such Bonds were authorized and approved at the special election in the School District held on October 4, 2004, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 29 years from the date of issuance of the Bonds and an interest rate not exceeding 6.5% per annum. The canvass of said special election showed 8,127 "Yes" votes and 2,973 "No" votes, a 73.22% voter approval of those who participated.

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes in an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8, of the Constitution, and Sections 20 and 34 of the Act, require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds.

Nature of Obligation, Security and Source of Payments

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

Debt Administration

The Bond Commission is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision

having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Bond Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2004 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 Monongalia. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Bond Insurance

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix G for a specimen of MBIA's policy.

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required

payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.]

MBIA

MBIA Insurance Corporation (“MBIA”) is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading “Specimen Bond Insurance Policy”. Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following document filed by the Company with the Securities and Exchange Commission (the “SEC”) is incorporated herein by reference:

- (1) The Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this [Prospectus/Private Placement Memorandum/Official Statement] and prior to the termination of the offering of the [Bonds/Securities] offered hereby shall be deemed to be incorporated by reference in this [Prospectus/Private Placement Memorandum/Official Statement] and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this [Prospectus/Private Placement Memorandum/Official Statement], shall be deemed to be modified or superseded for purposes of this [Prospectus/Private Placement Memorandum/Official Statement] to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this [Prospectus/Private Placement Memorandum/Official Statement].

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company’s Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003) are available (i) over the Internet at

the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2002, MBIA had admitted assets of \$9.2 billion (audited), total liabilities of \$6.0 billion (audited), and total capital and surplus of \$3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2003 MBIA had admitted assets of \$9.9 billion (unaudited), total liabilities of \$6.2 billion (unaudited), and total capital and surplus of \$3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

MONONGALIA 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 2004, the terms of 2 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 2003-2004, the Monongalia County school system has a central office professional staff of 33.25 with the overall responsibility to coordinate and supervise the activities of 35.5 school administrators, 839.46 instructional staff (teachers and other professionals), and 503 service personnel. Total Full Time Equivalent positions are 1,456.16. The average pupil-teacher ratio for the 2003-2004 school year was 14.43:1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

Grades	1999	2000	2001	2002	2003	2004
Pre-K	291	316	326	325	406	436
K	705	707	702	674	730	715
1	725	721	747	716	684	738
2	784	703	714	727	723	681
3	759	779	727	734	767	725
4	758	766	796	718	726	752
5	741	767	770	796	725	727
6	767	769	761	779	798	731
7	788	763	771	779	791	806
8	756	799	771	789	789	802
9	867	797	850	843	878	887
10	846	841	773	809	769	798
11	860	787	766	736	791	743
12	<u>733</u>	<u>854</u>	<u>777</u>	<u>738</u>	<u>704</u>	<u>773</u>
Total	10,380	10,369	10,251	10,163	10,281	10,314

<u>Rate of (Decrease) or Increase in</u>	
<u>Enrollment</u>	
1999-2004	-0.64%
Annualized	-0.11%

Source: Monongalia County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2005	10,303
2006	10,292
2007	10,281
2008	10,270

Source: Monongalia County Board of Education

Facilities

School	Grades	Construction Type	Construction Date	Renovation or Addition And Date
Arnettville Elementary	K-5	Masonry/Concrete	1954	Addition 1999
Brookhaven Elementary (New)	K-5	Masonry/Concrete	1994	
Brookhaven Elementary (Old)	K-5	Masonry/Concrete	1954 & 1977	Addition 1980
Cass Elementary	K-5	Masonry/Concrete	1928 & 1938	
Cheat Lake Elementary	K-4	Concrete	1991	
Daybrook Elementary	K-4	Masonry/Concrete	1976	
Easton Elementary	K-4	Masonry/Concrete	1925 & 1953	Addition 1991
Jakes Run Center	Early Head Start	Masonry/Concrete	1955 & 1968	
Mason-Dixon Elementary	K-6	Masonry/Concrete	1994	Addition 1985
Mountainview Elementary	K-5	Masonry/Concrete	1991	
North Elementary	K-5	Masonry/Concrete	1979	Addition 1985
Ridgedale Elementary	K-5	Masonry/Concrete	1954, 1983, 1991, 2000	
Riverside Elementary	K-5	Masonry/Concrete	1917 & 1938	
Suncrest Primary	K-3	Masonry/Concrete	1918, 1953, 1956	Addition 1997
Waitman Barbe Elementary	K-5	Masonry/Concrete	1955	
Westover Elementary	K-5	Rubblestone/Concrete	1936	Additions 1972, 1978
Woodburn Elementary	K-5	Masonry/Concrete	1909 & 1958	Additions 1985, 1997
Cheat Lake Middle	5-8	Masonry/Concrete	1954, 1974, 191	Additions 1985, 1991, 1997
South Middle	6-8	Masonry/Concrete	1979	Addition 1998
Suncrest Middle	6-8	Masonry/Concrete	1939, 1953, 193, 1996	Addition 1985
Westwood Middle	6-8	Masonry/Concrete	1994	
Clay-Battelle High	7-12	Masonry/Concrete	1938, 1950, 1977, 1991	Addition 1995
Morgantown High	9-12	Masonry/Concrete	1924, 1926, 1939, 1997	Additions 1980, 1998
University High	9-12	Masonry/Concrete	1930, 1977, 1991, 1993	Additions 1994, 1995, 1996, 1998
Technical Education Center	-	Masonry/Concrete	1978, 1987	

Source: Monongalia County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Monongalia County Sheriff (the "Sheriff") and are remitted by him to the State and other local levying bodies. Public utility taxes are collected directly by the State Auditor (the "Auditor") and are remitted by him to the Sheriff for distribution. Tax statements are mailed by the Sheriff's office in July, and they may be paid in two installments. The first half of the tax is subject to a 2 1/2% discount if paid by September 1; thereafter, the amount payable is net until October 1, after which a 9% penalty is added. Likewise, the second half is subject to a 2 1/2% discount if paid by March 1, net to April 1, and 9% penalty thereafter. The Sheriff, after ascertaining which taxes are delinquent, shall on or before May 1 next succeeding the year for which taxes are assessed, prepare delinquent lists, which shall be posted at the front door of the courthouse and published as a legal advertisement at least two weeks prior to the presentation to the County Commission for examination. After examination and correction, the Commissioners

shall certify such lists pertaining to real property to the Auditor not later than July 1. On or before September 10, the Sheriff shall prepare a second list of delinquent taxes, as of September 1, together with a notice of sale for properties upon which such taxes are due. If not redeemed before, such properties shall be sold at public auction at the courthouse on any Monday after October 14, and before November 23. No such sale shall be made for any sum less than the total amount of taxes, interest and charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase. The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections

Year	Projected Gross Tax (\$) at 100%	Projected Net Tax Collected (\$) at 92-93% Less Assessors Fee	Actual (\$) Collected	Actual (%) Collected
<u>1998-99</u>				
General Current	13,871,292	12,642,296	13,392,198	96.55%
Excess Levy	11,656,491	10,840,537	11,470,825	98.41%
Debt Service	3,996,124	3,596,512	3,938,709	98.56%
<u>1999-00</u>				
General Current	14,539,236	13,251,059	14,157,269	97.37%
Excess Levy	12,217,787	11,362,542	12,124,525	99.24%
Debt Service	4,060,764	3,654,688	4,037,638	99.43%
<u>2000-01</u>				
General Current	14,883,968	13,565,248	14,439,652	97.01%
Excess Levy	12,507,475	11,631,952	12,374,041	98.93%
Debt Service	4,127,975	3,715,178	4,086,124	98.99%
<u>2001-02</u>				
General Current	15,380,977	14,018,222	14,875,040	96.71%
Excess Levy	12,925,126	12,020,367	12,743,669	98.60%
Debt Service	4,205,733	3,821,307	4,150,314	98.68%
<u>2002-03</u>				
General Current	16,323,882	14,877,586	15,510,901	95.02%
Excess Levy	13,717,482	12,757,258	13,286,378	96.86%
Debt Service	4,280,237	3,889,006	4,154,906	97.07%
<u>2003-2004</u>				
General Current	17,014,381	15,506,907	N/A	N/A
Excess Levy	14,297,732	13,296,890	N/A	N/A
Debt Service	4,361,597	3,967,807	N/A	N/A

Source: Monongalia County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain 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 2003 assessment year valuations are made as of July 1, 2002, with taxes levied and collected during the fiscal year July 1, 2003, through June 30, 2004.

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

Property Classification

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

Assessed Valuations

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

Assessed Valuation By Property Class

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	48,887,652	33,453,059	23,301,442	3,250,888	3,352,144
II	778,344,638	811,560,467	872,505,741	942,539,985	1,011,053,881
III	962,373,176	985,282,038	1,039,968,357	1,064,613,532	1,073,225,043
IV	<u>453,123,173</u>	<u>478,135,121</u>	<u>510,614,943</u>	<u>540,254,722</u>	<u>541,771,845</u>
Total	2,242,728,639	2,308,430,685	2,446,390,483	2,550,659,127	2,629,402,913

Assessed Valuation By Property Category*

Category	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Real	1,423,218,818	1,464,306,158	1,583,369,168	1,685,941,118	1,780,910,868
Personal	590,781,350	607,132,173	622,401,270	624,905,066	621,620,733
Public Utility	<u>228,728,471</u>	<u>236,992,354</u>	<u>240,620,045</u>	<u>239,812,943</u>	<u>226,871,312</u>
Total	2,242,728,639	2,308,430,685	2,446,390,483	2,550,659,127	2,629,402,913

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

\$105,322,273 in 2000-2001	\$105,233,385 in 2001-2002	
\$105,181,232 in 2002-2003	\$105,005,775 in 2003-2004	\$106,076,542 in 2004-2005

Largest Assessed Valuations (2003 by Property Class)

Property Owner	Assessed Valuation (\$)
Allegheny Energy/Mon Power	149,930,069
Mylan Pharmaceuticals	82,882,538
Morgantown Mall	34,190,426
Morgantown Energy Association	27,730,009
Eastern Associated Coal	26,988,796
G.E. Speciality Chemicals	25,971,397
Consolidation Coal	15,618,191
Anker Energy	13,608,854
Mountaineer Mall	12,107,450
Consolidated Rail Corporation	10,281,794
Glenmark Holding Company	10,071,643
Verizon West Virginia, Inc.	9,744,418
Metro Rentals (w/CMC & RDR)	8,551,080
Dominion Hope	5,844,380
Greer Industries	5,651,925

Source: Monongalia County Assessor

Tax Rate Comparisons

The following shows Monongalia 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 2003; Fiscal Year 2003-2004.

Rates of Levy*

County	Class I	Class II	Class III/IV
MONONGALIA	55.02	110.04	220.08
Marion	63.92	127.84	255.68
Preston	33.87	67.74	135.48
Taylor	54.445	108.890	217.780
Wetzel	64.19	128.38	256.76

*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

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

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

School Current Levy

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	20.48	20.48	20.48	20.48	20.48
II	40.96	40.96	40.96	40.96	40.96
III and IV	81.92	81.92	81.92	81.92	81.92

School Excess Levy

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	17.21	17.21	17.21	17.21	17.21
II	34.42	34.42	34.42	34.42	34.42
III and IV	68.84	68.84	68.84	68.84	68.84

School Bonds

Class	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I	5.68	5.60	5.37	5.25	5.20
II	11.36	11.20	10.74	10.50	10.40
III and IV	22.72	22.40	21.48	21.00	20.80

Source: West Virginia State Auditor

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

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Monongalia County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 2003-2004 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	11.83	23.66	47.32
School Current	20.48	40.96	81.92
School Excess	17.21	34.42	68.84
School Bonds	5.25	10.50	21.00

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 2003-2004 fiscal year.

Municipality	Class I	Class II	Class IV
Blacksville	11.10	20.20	44.40
Granville	12.50	25.00	50.00
Morgantown	10.89	21.78	43.56
Star City	10.19	20.38	40.76
Westover	9.51	19.02	38.04

Source: West Virginia State Auditor

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

Summary of Statistical Debt Information

Population (2002)	82,895
Assessed Valuation*	\$2,629,402,913
Debt Limit (5% of Assessed Valuation)	\$131,470,145
Outstanding Debt (including the Series 2004 Bonds)	\$53,865,582
Debt Contracting Margin	\$77,604,563
Per Capita Debt	\$649.80
Outstanding Debt as percentage of Assesed Valuation	2.05%

*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2005).

Debt Service Requirements

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

Schedule of Bonded Indebtedness

Year Ending June 30	Series 1999 Bonds Principal & Interest	Series 2004 Bonds Principal	Series 2004 Bonds Interest	Total
2005	4,060,607	-0-	2,549,050	6,609,657
2006		905,000	2,549,050	3,454,050
2007		945,000	2,494,750	3,439,750
2008		990,000	2,438,050	3,428,050
2009		1,035,000	2,378,650	3,413,650
2010		1,085,000	2,316,550	3,401,550
2011		1,135,000	2,251,450	3,386,450
2012		1,190,000	2,183,350	3,373,350
2013		1,245,000	2,135,750	3,380,750
2014		1,300,000	2,073,500	3,373,500
2015		1,360,000	2,008,500	3,368,500
2016		1,425,000	1,940,500	3,365,500
2017		1,490,000	1,869,250	3,359,250
2018		1,560,000	1,794,750	3,354,750
2019		1,635,000	1,716,750	3,351,750
2020		1,710,000	1,635,000	3,345,000
2021		1,790,000	1,549,500	3,339,500
2022		1,870,000	1,460,000	3,330,000
2023		1,960,000	1,366,500	3,326,500
2024		2,050,000	1,268,500	3,318,500
2025		2,145,000	1,166,000	3,311,000
2026		2,245,000	1,058,750	3,303,750
2027		2,350,000	946,500	3,296,500
2028		2,460,000	829,000	3,289,000
2029		2,575,000	706,000	3,281,000
2030		2,690,000	577,250	3,267,250
2031		2,820,000	442,750	3,262,750
2032		2,950,000	301,750	3,251,750
2033		<u>3,085,000</u>	<u>154,250</u>	<u>3,239,250</u>
TOTAL	4,060,607	50,000,000	46,161,650	100,222,257

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Capital Projects Fund

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

4. General Current Expense Fund

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

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 Investment Management Board (the "IMB"). The IMB is governed by a Board of Trustees consisting of the Governor, the State Auditor, the State Treasurer and ten members appointed by the Governor. The 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 accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in the State, which is prescribed by the West Virginia Dept. of Education. This does not agree in certain respects with the accounts and fund structure required by accounting principles.

The Monongalia County Board of Education is investigating the impact of potential changes in its financial reporting that may be required due to the implementation of Governmental Accounting Standards Board (GASB) Statements No. 34 and related pronouncements.

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

Budgetary Procedures

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

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

Monongalia County Board of Education's Statement of Revenues, Expenditures and Changes in Fund Balances - Budget

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

	2000-2001	2001-2002	2002-2003
<i>Revenues:</i>			
Local Sources:			
Property Taxes	26,572,267	27,402,415	28,542,803
Other Local Sources	2,097,759	698,595	547,160
State Sources	39,687,472	36,270,986	38,129,356
Federal Sources	12,840,956	290,696	314,603
Miscellaneous	-0-	120,847	150,365
Total Revenues	81,198,454	64,783,539	67,684,287
<i>Expenditures:</i>			
Regular Programs	39,543,817	32,700,427	33,643,730
Special Programs	10,954,765	9,736,931	10,364,266
Vocational Programs	1,573,395	1,259,351	1,389,569
Other Instructional Programs	192,523	156,572	156,604
Adult/Continuing Education Programs	1,086,974	1,154	-0-
Community Services Programs	400,524	334,688	342,476
Undistributed Support Services	32,149,982	24,416,828	26,179,200
Total Expenditures	85,901,980	68,605,951	72,075,845
Excess (Deficiency) of Revenues Over Expenditures	(4,703,526)	(3,822,412)	(4,391,558)
<i>Other Financing Sources (Uses):</i>			
Operating Transfers in	1,555,610	-0-	-0-
Operating Transfers (out)	<u>(1,533,370)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	22,240	-0-	-0-
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	(4,681,286)	(3,822,412)	(4,391,558)
Fund Balance at June 30	4,681,286	3,822,412	4,391,558

Source: Monongalia County Board of Education

Monongalia County Board of Education's Statement of Revenues, Expenditures and Changes in Fund Balances-
Actual

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

	2000-2001	2001-2002	2002-2003
<i>Revenues:</i>			
Local Sources:			
Property Taxes	26,813,693	27,618,709	28,797,278
Other Local Sources	2,09,302	701,561	542,576
State Sources	38,258,339	36,482,229	38,269,513
Federal Sources	8,947,157	290,696	314,720
Miscellaneous	<u>-0-</u>	<u>369,457</u>	<u>96,587</u>
Total Revenues	76,112,491	65,462,652	68,020,674
<i>Expenditures:</i>			
Regular Programs	36,178,128	30,993,683	33,072,930
Special Programs	10,010,349	9,677,373	10,299,489
Vocational Programs	1,532,171	1,252,819	1,388,609
Other Instructional Programs	193,728	156,572	156,604
Adult/Continuing Education Programs	1,016,979	1,154	-0-
Community Service Programs	389,862	332,507	337,026
Undistributed Expenditures	<u>27,707,218</u>	<u>20,687,582</u>	<u>22,254,165</u>
Total Expenditures	77,028,435	63,101,690	67,508,823
Excess (deficiency) of revenues over expenditures	(915,944)	2,360,962	511,851
Other Financing Sources (Uses):			
Operating Transfers in	210,079	-0-	363,426
Operating Transfers (out)	<u>(1,510,079)</u>	<u>(1,607,815)</u>	<u>(2,926,354)</u>
Total Other Financing Sources (Uses)	(1,300,000)	(1,607,815)	(2,562,928)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(2,215,944)	753,147	(2,051,077)
Gross fund balance at July 1	7,592,225	3,822,414	4,575,561
Adjustment	<u>13,507</u>	<u>-0-</u>	<u>30,961</u>
Fund balance at end of year	5,389,788	4,575,561	2,555,445

Source: Monongalia County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2003, 25,441 retirees and beneficiaries were receiving benefits. As of July 1, 2003, there are 20,919 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Employers contribute 15% 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, 2003 by Mellon Human Resources & Investor Solutions. 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, 2003, the unfunded liability of TRS was \$5.053 billion. The funded percentage was 19.1%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of July 1, 2003, there were approximately 22,735 members in the TDCRS. 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 years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

1. Type	<u>Amount in Force (FY 2003)</u>
Deluxe Commercial Property insurance	\$ 181,205,000
Deductible per occurrence	\$ 10,000
Machinery and Equipment insurance	\$ 10,000,000
Deductible per occurrence	\$ 1,500
Flood insurance	\$ 2,161,200
Deductible per occurrence	\$ 5,000
Public official position bond: Superintendent	\$ 50,000
Board President	\$ 50,000
Treasurer	\$ 500,000
Sheriff	\$ 300,000
Fidelity Honesty Bond (all employees)	\$ 100,000

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2002 to July 1, 2003. The Board is insured for following coverages:

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

2. Limits of Liability

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

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

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

Source: Monongalia County Board of Education

TAX MATTERS

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, in order for interest on the Bonds to be and remain exempt from federal income taxation, including restrictions that must be complied with throughout the term of the Bonds. These include requirements applicable to the use and investment of the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Board has covenanted to regulate the use and investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel's opinion assumes compliance with such covenants and that the Board will take such actions.

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

The Bonds are not issued as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Other consequences for federal income tax purposes of ownership of obligations such as the Bonds also result from the Code under certain circumstances. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies which favored property-rich counties. By order of March 4, 1983, a master plan prepared by the State Board of Education and State Superintendent of Schools was filed as part of the record in the case. The court expressed its intention that the master plan be viewed as a proposal to the State Legislature for implementing, by statute, a constitutional system of financing public education. No legislation resolving the question was adopted during the 1984 legislative session, and on January 8, 1985, the plaintiffs moved the court to address the excess levy problem. On December 3, 1985, the court ordered that if the legislature did not, by July 1, 1987, replace or equalize excess levy revenues by one of the methods enumerated in such order, the court would direct a more equitable distribution. The legislature then adopted a constitutional amendment authorizing a statewide excess levy. The proposed amendment was to be submitted to the voters in a special election to be held March 5, 1988. The court entered a supplemental order on June 29, 1987, providing that if the statewide excess levy was not approved by the voters, a sum equal to 20% of each county's excess levy revenues in fiscal year 1988-89 (to be increased by an additional 20% in each of the next four fiscal years) would be withheld and distributed "on an equitable basis described by the court." The statewide excess levy amendment was defeated at the special election and the supplemental order became operative. However, on April 8, 1988, the state tax commissioner, the auditor and 33 county boards of education petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition to bar enforcement of the supplemental order. On November 23, 1988 in State ex rel. the Boards of Education of the Counties of Upshur et al, the Supreme Court of Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

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

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

1. The plaintiff class's request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.
2. The decision of the honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and

3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.
4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties' objection is hereby preserved.

The parties to the Pauley case have not indicated whether the action of the court dismissing the case may be appealed to the West Virginia Supreme Court of Appeals.

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

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

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

LITIGATION

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

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

CONTINUING DISCLOSURE

The Board has agreed for the benefit of the holders of the Bonds to provide each Nationally Recognized Municipal Securities Information Repository and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has agreed to employ the corporate trust services of United

Bank, Inc., Charleston, West Virginia, to provide dissemination services in conjunction with continuing disclosure for its Series 2004 Bonds. The form of the Continuing disclosure Agreement is attached hereto as Appendix F.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the Board at competitive bidding on May 12, 2004 in accordance with the Official Notice of Sale.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Bonds.

UNDERWRITING

Merrill Lynch & Co. (the Underwriters") has agreed to purchase the bonds at an aggregate purchase price of \$50,187,623.65 (includes premium of \$10,606.25 and accrued interest of \$177,019.40), pursuant to a proposal submitted on May 12, 2004 in connection with the Issuer's Official Notice of Sale of the Bonds, dated April 27, 2004. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering price on the cover page hereof. The Underwriter will purchase all the Bonds if any are purchased. The Underwriter expects to make a bona fide public offering of the Bonds at the prices set forth on the cover page hereto. However, such public offering prices may be changed after the initial offering by the underwriter.

RATINGS

Standard & Poor's Corporation ("S&P") 25 Broadway, New York, New York, 10004, has assigned the Bonds its rating of 'AAA', with the understanding that the standard municipal bond insurance policy of MBIA Insurance Corporation, guaranteeing the timely payment of principal of and interest on the Bonds, will be issued upon delivery of the Bonds. S&P has assigned an underlying rating of 'AA-'. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

FINANCIAL ADVISOR

Ferris, Baker Watts, Incorporated, Baltimore, Maryland, and Charleston, West Virginia, Financial Advisor to the Board, or its directors or employees, may hold, own or dispose of bonds, including the Bonds, issued by the Board. Ferris, Baker Watts, Incorporated, may wish to bid alone or as a member of a syndicate for the purchase of the Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$50,000,000 in aggregate principal amount of The Board of Education of the County of Monongalia, Public School Bonds, Series 2004. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Monongalia by Ferris, Baker Watts, Incorporated in its capacity as Financial Advisor to the Board.

All statements, estimates, assumptions and summaries of documents in this Official Statement have been made on the basis of the best information available and are believed to be correct and reliable, but no

representations whatsoever are made that such statements, estimates, assumptions and summaries of documents are correct or will be realized.

So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

THE BOARD OF EDUCATION
OF THE COUNTY OF MONONGALIA

By: Nancy A. Walker
President

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MONONGALIA COUNTY BOARD OF EDUCATION

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

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**MONONGALIA COUNTY BOARD OF EDUCATION
INDEX OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

GOVERNMENTAL FUND TYPES

General Current Expense

Special Revenue Funds

Restricted Projects
Individual Schools

Capital Projects

Bond Construction
Permanent Improvement Fund
Capital Projects

Debt Service

ACCOUNT GROUPS

General Fixed Assets

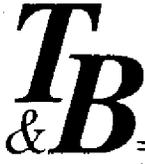
General Long-term Debt

**MONONGALIA COUNTY BOARD OF EDUCATION
BOARD OFFICIALS
JUNE 30, 2003**

Title	Elected Officials	Term
Board Member	Stephen Cook	July 1, 2002 - June 30, 2006
Board Member	Nancy A. Walker	July 1, 2000 - June 30, 2004
Board Member	Dr. Michael T. Yura	July 1, 2000 - June 30, 2004
Board Member	Dr. Barbara L. Parsons	July 1, 2002 - June 30, 2006
Board Member	Joseph C. Statler	July 1, 2002 - June 30, 2004

Appointed Officials

Board President	Nancy A. Walker	July 1, 2002 - June 30, 2004
Superintendent	Dr. Michael J. Vetere, Jr.	July 1, 2002 - June 30, 2005
Treasurer	W. Terry Hawkins	July 1, 2002 - June 30, 2003



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

We have audited the accompanying financial statements of the Monongalia County Board of Education as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Monongalia County Board of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in the notes to the financial statements, the Monongalia County Board of Education prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the Monongalia County Board of Education's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Monongalia County Board of Education, as of June 30, 2003, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monongalia County Board of Education, as of June 30, 2003, and the results of its operations for the year then ended, in conformity with the basis of accounting described in Note 1.

The Honorable Members of the
Monongalia County Board of Education

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In accordance with Government Auditing Standards, we have also issued a report dated November 18, 2003 on our consideration of the Monongalia County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Monongalia County Board of Education, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information 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.

Tetrick & Bartlett, PLLC

November 18, 2003

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2003**

	Governmental Fund Types				Account Group		Total (Memorandum Only)
	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
ASSETS							
Current Assets							
Cash	\$ 5,874,345	\$ 1,232,794	\$ 1,354,425	\$ 72,611	\$ -0-	\$ -0-	\$ 8,534,175
Investments	5,000	-0-	-0-	2,289,248	-0-	-0-	2,294,248
Deposit with Workers' Compensation	178,281	-0-	-0-	-0-	-0-	-0-	178,281
Deposit retirement forfeitures	24,061	-0-	-0-	-0-	-0-	-0-	24,061
Taxes receivable	252,253	-0-	-0-	36,057	-0-	-0-	288,310
Other receivables	5,131	-0-	-0-	39	-0-	-0-	5,170
Intergovernmental receivables:							
State aid to schools	330,039	12,307	-0-	-0-	-0-	-0-	342,346
PEIA allocation	993,326	-0-	-0-	-0-	-0-	-0-	993,326
Reimbursements	-0-	2,437,239	-0-	-0-	-0-	-0-	2,437,239
Total current assets	<u>7,662,436</u>	<u>3,682,340</u>	<u>1,354,425</u>	<u>2,397,955</u>	<u>-0-</u>	<u>-0-</u>	<u>15,097,156</u>
Fixed Assets							
Land, buildings and equipment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>83,581,913</u>	<u>-0-</u>	<u>83,581,913</u>
Other							
Amount available in debt service fund	-0-	-0-	-0-	-0-	-0-	2,397,955	2,397,955
Amount to be provided for retirement of general long-term debt	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,672,633</u>	<u>5,672,633</u>
TOTAL ASSETS	<u>\$ 7,662,436</u>	<u>\$ 3,682,340</u>	<u>\$ 1,354,425</u>	<u>\$ 2,397,955</u>	<u>\$ 83,581,913</u>	<u>\$ 8,070,588</u>	<u>\$ 106,749,657</u>

Governmental Fund Types

Account Group

	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
LIABILITIES AND FUND EQUITY							
Current Liabilities							
Salaries (and withholdings) payable	\$ 3,318,844	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,318,844
Accounts payable	148,150	34,854	667,320	-0-	-0-	-0-	850,324
Worker's Compensation payable	228,829	-0-	-0-	-0-	-0-	-0-	228,829
PEIA premiums payable	1,411,168	-0-	-0-	-0-	-0-	-0-	1,411,168
Compensated absences	-0-	-0-	-0-	-0-	-0-	613,480	613,480
Portion of long-term debt due in upcoming year for general obligation bonds payable	-0-	-0-	-0-	-0-	-0-	3,591,526	3,591,526
Total current liabilities	<u>5,106,991</u>	<u>34,854</u>	<u>667,320</u>	<u>-0-</u>	<u>-0-</u>	<u>4,205,006</u>	<u>10,014,171</u>
Long-term debt, net of current portion	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	3,865,582	<u>3,865,582</u>
Fund Equity							
Investment in general fixed assets	-0-	-0-	-0-	-0-	83,581,913	-0-	83,581,913
Fund balances							
Reserved for encumbrances	487,902	451,389	1,698,353	-0-	-0-	-0-	2,637,644
Reserved for debt service	-0-	-0-	-0-	2,397,955	-0-	-0-	2,397,955
Reserved for earmarked funds	-0-	1,729,302	-0-	-0-	-0-	-0-	1,729,302
Reserved for excess levies	600,481	-0-	-0-	-0-	-0-	-0-	600,481
Reserved for workers' compensation	178,281	-0-	-0-	-0-	-0-	-0-	178,281
Reserved for capital projects	-0-	-0-	43,320	-0-	-0-	-0-	43,320
Reserved for schools	-0-	1,648,502	-0-	-0-	-0-	-0-	1,648,502
Unreserved:							
Designated	487,808	-0-	-0-	-0-	-0-	-0-	487,808
Undesignated	800,973	(181,707)	(1,054,568)	-0-	-0-	-0-	(435,302)
Total fund equity	<u>2,555,445</u>	<u>3,647,486</u>	<u>687,105</u>	<u>2,397,955</u>	<u>83,581,913</u>	<u>-0-</u>	<u>92,869,904</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>7,662,436</u>	\$ <u>3,682,340</u>	\$ <u>1,354,425</u>	\$ <u>2,397,955</u>	\$ <u>83,581,913</u>	\$ <u>8,070,588</u>	\$ <u>106,749,657</u>

The accompanying independent auditor's report and notes are integral parts of this combined financial statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - REGULATORY BASIS -
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003**

Governmental Fund Types

	<u>General Current Expense</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues					
Local sources					
Property taxes	\$ 28,797,278	\$ -0-	\$ -0-	\$ 4,154,906	\$ 32,952,184
Other local sources	542,576	3,928,990	11,929	48,864	4,532,359
State sources	38,269,513	3,001,046	-0-	-0-	41,270,559
Federal sources	314,720	9,942,763	-0-	-0-	10,257,483
Miscellaneous sources	96,587	-0-	375,250	-0-	471,837
Total revenues	<u>68,020,674</u>	<u>16,872,799</u>	<u>387,179</u>	<u>4,203,770</u>	<u>89,484,422</u>
Expenditures					
Regular elementary/secondary programs	33,072,930	6,525,208	-0-	-0-	39,598,138
Special education programs	10,299,489	1,497,703	-0-	-0-	11,797,192
Vocational education programs	1,388,609	265,623	-0-	-0-	1,654,232
Other elementary/secondary programs	156,604	2,505,586	-0-	-0-	2,662,190
Adult/continuing education programs	-0-	1,158,214	-0-	-0-	1,158,214
Community services programs	337,026	298,276	-0-	-0-	635,302
Undistributed expenditures	22,254,165	5,701,958	-0-	-0-	27,956,123
Capital projects	-0-	-0-	3,057,690	-0-	3,057,690
Debt service					
Principal retirement	-0-	-0-	-0-	3,343,911	3,343,911
Interest and other charges	-0-	-0-	-0-	556,595	556,595
Total expenditures	<u>67,508,823</u>	<u>17,952,568</u>	<u>3,057,690</u>	<u>3,900,506</u>	<u>92,419,587</u>
Excess (deficiency) of revenues over (under) expenditures	511,851	(1,079,769)	(2,670,511)	303,264	(2,935,165)
Other Financing Sources (Uses)					
Operating transfers in	363,426	1,726,989	1,353,845	-0-	3,444,260
Operating transfers (out)	(2,926,354)	(214,061)	(303,845)	-0-	(3,444,260)
Total other financing sources (uses)	<u>(2,562,928)</u>	<u>1,512,928</u>	<u>1,050,000</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(2,051,077)	433,159	(1,620,511)	303,264	(2,935,165)
Fund balance at June 30, 2002 (restated)	<u>4,606,522</u>	<u>3,214,327</u>	<u>2,307,616</u>	<u>2,094,691</u>	<u>12,223,156</u>
Fund balance at June 30, 2003	<u>\$ 2,555,445</u>	<u>\$ 3,647,486</u>	<u>\$ 687,105</u>	<u>\$ 2,397,955</u>	<u>\$ 9,287,991</u>

The accompanying independent auditor's report and notes are integral parts of this combined financial statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
REGULATORY BASIS
GENERAL CURRENT EXPENSE FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Property taxes	\$ 28,542,803	\$ 28,797,278	\$ 254,475
Other local sources	547,160	542,576	(4,584)
State sources	38,129,356	38,269,513	140,157
Federal sources	314,603	314,720	117
Miscellaneous sources	150,365	96,587	(53,778)
Total revenues	<u>67,684,287</u>	<u>68,020,674</u>	<u>336,387</u>
Expenditures			
Regular elementary/secondary programs	33,643,730	33,072,930	570,800
Special education programs	10,364,266	10,299,489	64,777
Vocational education programs	1,389,569	1,388,609	960
Other elementary/secondary programs	156,604	156,604	-0-
Community services programs	342,476	337,026	5,450
Undistributed expenditures	<u>26,179,200</u>	<u>22,254,165</u>	<u>3,925,035</u>
Total expenditures	<u>72,075,845</u>	<u>67,508,823</u>	<u>4,567,022</u>
(Deficiency) excess of revenues (under) over expenditures	(<u>4,391,558</u>)	<u>511,851</u>	<u>4,903,409</u>
Other Financing Sources (Uses)			
Operating transfers in	-0-	363,426	363,426
Operating transfers (out)	<u>-0-</u>	(<u>2,926,354</u>)	(<u>2,926,354</u>)
Total other financing (uses)	<u>-0-</u>	(<u>2,562,928</u>)	(<u>2,562,928</u>)
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	(<u>4,391,558</u>)	(<u>2,051,077</u>)	<u>2,340,481</u>
Fund balance at June 30, 2002 (restated)	<u>4,391,558</u>	<u>4,606,522</u>	<u>214,964</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>2,555,445</u>	\$ <u>2,555,445</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
SPECIAL REVENUE FUND – RESTRICTED PROJECTS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 1,330,942	\$ 1,405,690	\$ 74,748
State sources	3,053,922	3,001,046	(52,876)
Federal sources	<u>11,969,037</u>	<u>9,942,763</u>	<u>(2,026,274)</u>
Total revenues	<u>16,353,901</u>	<u>14,349,499</u>	<u>(2,004,402)</u>
Expenditures			
Regular elementary/secondary programs	7,725,570	6,525,208	1,200,362
Special education programs	2,552,700	1,497,703	1,054,997
Vocational education programs	315,959	265,623	50,336
Other elementary/secondary programs	(216)	-0-	(216)
Adult/continuing education programs	1,102,704	1,158,214	(55,510)
Community services programs	333,145	298,276	34,869
Undistributed expenditures	<u>6,038,904</u>	<u>5,701,958</u>	<u>336,946</u>
Total expenditures	<u>18,068,766</u>	<u>15,446,982</u>	<u>2,621,784</u>
(Deficiency) of revenues (under) expenditures	<u>(1,714,865)</u>	<u>(1,097,483)</u>	<u>617,382</u>
Other Financing Sources (Uses)			
Operating transfers in	1,200,000	1,726,989	526,989
Operating transfers (out)	<u>-0-</u>	<u>(214,061)</u>	<u>(214,061)</u>
Total other financing sources	<u>1,200,000</u>	<u>1,512,928</u>	<u>312,928</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing sources (uses)	<u>(514,865)</u>	<u>415,445</u>	<u>930,310</u>
Fund balance at June 30, 2002	<u>514,865</u>	<u>1,541,998</u>	<u>1,027,133</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>1,957,443</u>	\$ <u>1,957,443</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Property taxes	\$ 3,889,010	\$ 4,154,906	\$ 265,896
Other local sources	<u>-0-</u>	<u>48,864</u>	<u>48,864</u>
Total revenues	<u>3,889,010</u>	<u>4,203,770</u>	<u>314,760</u>
Expenditures			
Principal retirement	3,343,910	3,343,911	(1)
Interest and other charges	<u>2,639,791</u>	<u>556,595</u>	<u>2,083,196</u>
Total expenditures	<u>5,983,701</u>	<u>3,900,506</u>	<u>2,083,195</u>
(Deficiency) excess of revenues (under) over expenditures	(2,094,691)	303,264	2,397,955
Fund balance at June 30, 2002	<u>2,094,691</u>	<u>2,094,691</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>2,397,955</u>	\$ <u>2,397,955</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
REGULATORY BASIS
CAPITAL PROJECTS - BOND CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 564	\$ 571	\$ 7
Expenditures			
Capital projects	<u>43,168</u>	<u>4,600</u>	<u>38,568</u>
(Deficiency) of revenues (under) expenditures	(42,604)	(4,029)	(38,575)
Other Financing (Uses)			
Operating transfers (out)	<u>-0-</u>	<u>(38,575)</u>	<u>(38,575)</u>
(Deficiency) excess of revenues (under) over expenditures and other financing (uses)	(42,604)	(42,604)	-0-
Fund balance at June 30, 2002	<u>42,604</u>	<u>42,604</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
CAPITAL PROJECTS – PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local sources:			
Other local sources	\$ 10,945	\$ 11,358	\$ 413
Expenditures			
Capital projects	<u>2,275,957</u>	<u>1,953,140</u>	<u>(322,817)</u>
(Deficiency) of revenues (under) expenditures	(2,265,012)	(1,941,782)	(323,230)
Other Financing (Uses)			
Operating transfers (out)	<u>-0-</u>	<u>(265,270)</u>	<u>(265,270)</u>
(Deficiency) excess of revenues (under) expenditures and other financing (uses)	(2,265,012)	(2,207,052)	57,960
Fund balance at June 30, 2002	<u>2,265,012</u>	<u>2,265,012</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>57,960</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
REGULATORY BASIS
CAPITAL PROJECTS – CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
State sources	\$ 1,000,000	\$ -0-	\$(1,000,000)
Miscellaneous sources	<u>1,722,634</u>	<u>375,250</u>	<u>(1,347,384)</u>
Total revenues	<u>2,722,634</u>	<u>375,250</u>	<u>(2,347,384)</u>
Expenditures			
Capital projects	<u>2,722,634</u>	<u>1,099,950</u>	<u>1,622,684</u>
(Deficiency) of revenues (under) expenditures	-0-	(724,700)	(724,700)
Other Financing Sources			
Operating transfers in	<u>-0-</u>	<u>1,353,845</u>	<u>1,353,845</u>
Excess of revenues over expenditures and other financing sources	-0-	629,145	629,145
Fund balance at June 30, 2002	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance at June 30, 2003	\$ <u><u>-0-</u></u>	\$ <u><u>629,145</u></u>	\$ <u><u>629,145</u></u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

The Monongalia County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities with the exceptions that: (1) government-wide financial statements, management's discussion and analysis, and the other reporting requirements specified by the Government Accounting Standards Board (GASB) Statement 34, are not included, and (2) account group financial statements are included. Consequently, the accompanying financial statements are considered to be presented on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by accounting principles generally accepted in the United States of America:

Oversight responsibilities:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Special financing relationships

Based upon the application of these criteria, the financial statements of the public schools in the district have been included as a part of the accompanying financial statements in a special revenue fund. The financial statements of the schools are on file at the Board office.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

B. Fund Accounting

The financial activities of the Board are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprises its assets, liabilities, fund equity, revenue and expenditures. The following fund types and account groups are used by the Board:

Governmental Fund Types

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. The financial information of the district's individual schools are recorded in a separate special revenue fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Board. This fund includes bond construction, permanent improvement and capital projects funds.

Account Groups

General Fixed Assets Account Group

The General Fixed Asset Account Group is established to account for the fixed assets of the Board.

General Long-Term Account Group

The General Long-Term Account Group is established to account for the long-term debt of the Board.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with accounting principles generally accepted in the United States of America, all governmental funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be included on the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year end.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The significant differences are as follows:

GASB Statement No. 34, New Reporting Model, has not been adopted for use in the method of accounting prescribed by the West Virginia Department of Education.

D. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

2. The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2003, 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.

Investments of the Board at June 30, 2003 consisted of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
Municipal Bond Commission	\$ 2,289,248	\$ 2,289,248
Certificates of deposit	<u>5,000</u>	<u>5,000</u>
Total investments	\$ <u>2,294,248</u>	\$ <u>2,294,248</u>

G. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" and are current interfund loans.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

H. Inventories

The board considers inventories of materials and supplies as expended at the time of purchase, therefore, they do not appear in the Board's financial statements.

I. Prepaid Items

Except for the Workers' Compensation Commission, payments made to vendors for services that will benefit periods beyond June 30, 2003, are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the General Fixed Asset Account Group. As permitted by the West Virginia Department of Education, fixed assets are valued at actual historical cost or estimated historical cost if actual historical cost records are not available. No depreciation is recognized for assets in the General Fixed Asset Account Group. Interest incurred during construction is not capitalized on general fixed assets.

K. Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 25 days and unlimited days, respectively, and carried forward to the subsequent fiscal year. Upon termination, employees would be compensated for accumulated vacation benefits only. Therefore, no liability is reported for unpaid accumulated sick leave. Vacation pay, that is expected to be liquidated with expendable available financial resources is immaterial and reported in the general long-term debt account group along with amounts not expected to be liquidated with expendable available financial resources. No expenditure is reported for these amounts.

L. Long-Term Obligations

The current portion of long-term debt due in the upcoming fiscal year and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Capital lease obligations are reported entirely in the debt service fund and bond issuances are reported entirely in the general long-term debt account group.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

M. Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The designated portion of the unreserved fund balance represents that portion of fund equity committed by official Board action prior to June 30, of each year for specific purposes. Said specific purposes and amounts are recorded in the official Board minutes for the fiscal year ended June 30, 2003. The unreserved, undesignated fund balance represents funds available for reappropriation.

N. Accounting Estimates

The preparation of financial statements in conformity with the basis of accounting prescribed by the West Virginia Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

O. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to consolidation.

2. Change in Accounting Policy

As required by the basis of accounting prescribed by the West Virginia Department of Education, the Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

Property Taxes Receivable: For the year ended June 30, 2003, the Board began recording all taxes expected to be collected within 60 days after year-end as a receivable. The remainder of the taxes levied, less estimated uncollectibles, is shown as deferred revenue.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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 life time for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$200,000 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 to the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers Compensation Fund (WCF): West Virginia is one of six states that operates an exclusive state-managed Workers' Compensation Insurance Fund which means that private insurance companies cannot offer coverage to employers. Nearly every employer in the State, including all boards of education, who have a payroll must have coverage. The cost of all coverage as determined by the WCF Compensation Programs Performance Council is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.
- Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III All real and personal property situated outside of municipalities, exclusive of Classes I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢	per	\$100 of assessed valuation
Class II	45.90¢	per	\$100 of assessed valuation
Class III	91.80¢	per	\$100 of assessed valuation
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 hold a public hearing. The amounts to be paid to the Assessor's Valuation Fund are to also be excluded from the calculation. The rates of levy for the 2003 year were: 20.48¢ for Class I property, 40.96¢ for Class II property and 81.92¢ for classes III and IV property.

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.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 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	\$ 23,301,442	20.48¢	17.21¢	5.37¢
Class II	\$ 872,505,741	40.96¢	34.42¢	10.74¢
Class III	\$ 1,039,968,357	81.92¢	68.84¢	21.48¢
Class IV	\$ 510,614,943	81.92¢	68.84¢	21.48¢

The taxes on real property and the interest and other charges upon 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.

5. Special/Excess Levy

The Board had an excess levy in effect during the fiscal year ended June 30, 2003. The levy was authorized by the voters of the county at an election held on December 8, 2001 for the fiscal years ended June 30, 2003 through June 30, 2007 to provide funds for the following purposes:

Instructional materials, supplies, textbooks and equipment, physical education and Reads Initiative, approximately \$1,070,000 annually;

Equipment, supplies and services in accordance with the Monongalia County technology plan, approximately \$750,000 annually;

Library/media center books, supplies, equipment and services, approximately \$85,000 annually;

Materials, equipment, supplies and services for programs in general, instrumental and vocal music, art and drama, approximately \$100,000 annually;

Math/science supplies, equipment and serviced for classrooms and laboratories, approximately \$75,000 annually;

Supplies and equipment to supplement the Monongalia County Technical Education Center programs, approximately \$100,000 annually;

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Duplication maintenance services for schools, approximately \$150,000 annually;

Supplies, services and equipment to supplement pupil services, community schools, after school programs, summer programs, Law Enforcement, alternative education and health services, approximately \$655,000 annually;

Extracurricular activities including, but not limited to, recreation programs, athletics, academic programs and services, and upgrade athletic facilities and playgrounds, approximately \$545,557 annually;

Salary, supplies, and travel for County 4-H program support, approximately \$20,000 annually;

Supplement the student services provided by the Monongalia County public libraries, approximately \$20,000 annually;

Supplement the student services provided by the Monongalia County Arts Center, approximately \$6,000 annually;

Repair, maintenance and improvements to buildings, facilities and equipment and to meet existing local, state and federal regulations and codes including, but not limited to, fire marshall, health department, Department of Environmental Protection and Americans with Disabilities Act, approximately \$850,000 annually;

Supplement professional personnel salaries and benefits, staff to address enrollment increases and/or reduced teacher/student ratio, and elective program grades 9-12, and for non-funded professional personnel mandates, and health services, approximately \$6,293,810 annually;

Materials, supplies, services, security and equipment for the operation of facilities, approximately \$850,000 annually;

Pupil transportation services including, but not limited to, the acquisition, operation, maintenance and repair of school buses, approximately \$450,000 annually;

A total of \$13,286,069 was received by the Board from the excess levy during the fiscal year ended June 30, 2003.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

6. General Fixed Assets

At June 30, 2003, the general fixed asset account group consisted of the following:

Land	\$ 1,762,220
Buildings and improvements	64,124,621
Furniture and equipment	13,695,072
Vehicles	<u>4,000,000</u>
Total general fixed assets	\$ <u>83,581,913</u>
Investment in general fixed assets	\$ <u>83,581,913</u>

7. Bonded Indebtedness

On June 1, 1999 the Board issued general obligation bonds of \$19,689,625 (par value) with an interest rate of 5.068% to advance refund bonds with an interest rate of 6.8 - 7.75% and a par value of \$20,550,000. The general obligation bonds were issued at par and, after paying issuance costs of \$65,000, the net proceeds were \$19,624,625. The net proceeds of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the Board's General Long-Term Debt Account Group.

On June 1, 1999 the Board has issued \$19,689,625 of general obligation refunding bonds to refinance an original general obligation bond issue. Interest is payable semiannually at 5.068% and the bonds mature in varying annual increments through April 1, 2005. Bonds payable at June 30, 2003 are:

Total bonds payable at June 30, 2003	\$ 7,457,108
Less: Current portion	<u>3,591,526</u>
Long-term bonds payable at June 30, 2003	\$ <u>3,865,582</u>

The advanced refunding was undertaken to reduce total debt service payments and to obtain an economic gain by making available to the Board the balance of monies in the debt service fund account of the refunded issue which had been collected to retire the bond issue. Securities were purchased and placed in an irrevocable trust for the purpose of making all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability was removed from the Board's General Long-Term Debt Account Group.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Bonds outstanding at June 30, 2003 are as follows:

<u>Year</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	10/01/03	5.068	\$ 64,940	\$ 188,963	\$ 253,903
2004	04/01/04	5.068	3,526,586	187,318	3,713,904
2005	10/01/04	5.068	34,849	97,954	132,803
2005	04/01/05	5.068	<u>3,830,733</u>	<u>97,071</u>	<u>3,927,804</u>
Total			\$ <u>7,457,108</u>	\$ <u>571,306</u>	\$ <u>8,028,414</u>
Total bonded indebtedness at July 1 2002					\$ 10,801,019
Issuances					-0-
Maturities					<u>3,343,911</u>
Total bonded indebtedness at June 30, 2003					\$ <u>7,457,108</u>

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. Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Operating lease expenditures for the year ended June 30, 2003 were \$200,593.

The following is a summary of the future minimum required lease payments by year under operating leases as of June 30, 2003:

<u>Year Ended June 30,</u>	
2004	\$ 200,640
2005	<u>200,640</u>
Total minimum lease payments	\$ <u>401,280</u>

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation, which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for Suncrest Middle School Equipment and those assets are leased from Bank of America for a period of fifteen years beginning June 16, 2003. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

**MONONGALIA COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 for the Board's capital leases:

<u>Year Ended June 30,</u>	
2004	\$ 22,413
2005	22,413
2006	22,413
2007	22,413
2008	22,413
2009	22,413
2010	22,413
2011	22,413
2012	22,413
2013	22,413
2014	22,413
2015	22,413
2016	22,413
2017	22,413
2018	<u>22,413</u>
Present value of minimum lease payments	\$ <u>336,195</u>

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, 2003 the Board's total payroll for all employees was \$50,961,269 and the payroll was \$48,325,216 for employees covered by the two retirement programs.

Of the total amount appropriated by the State of 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 revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

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.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Conversion of leave for post-retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

Teachers' Defined Benefit Retirement System

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system, which was established on July 1, 1941 and was closed for new members on July 1, 1991. 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 10 years of service, if the member is disabled for 6 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 5 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 5 highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and 10 year Certain and Life 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: At June 30, 2002, the plan's unfunded liability was \$4.6 billion according to the 2002 Actuarial Valuation Report.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board of Education contributes 15% of covered members gross compensation to the retirement plan, for a total of 21% annually.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003 and the two previous years are as follows:

	<u>2000</u>	<u>2001</u>	<u>2003</u>
Required contribution	\$ <u>229,926,000</u>	\$ <u>254,050,000</u>	\$ <u>290,428,000</u>
As a % of current year covered payroll	<u>17.91%</u>	<u>19.27%</u>	<u>21.06%</u>

Total payments reflected in the Board's financial statements to the defined benefit plan for the year ended June 30, 2003 were:

Employees' contributions (6%)	\$ 1,567,488
Employer's contributions (15%)	<u>3,916,368</u>
Total contributions	\$ <u>5,483,856</u>

Plan Description: All Board employees hired after July 1, 1991 participate in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System may, now or in the future, freeze their benefits in the old plan and become a member of this plan. Members with less than 5 years of service in the old defined benefit plan may change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member has transferred to the defined contribution plan, the member is not allowed to rejoin the defined benefit plan.

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 5 percent. The investment options are: Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, VALIC Individually Allocated Fixed Annuity, Vanguard Money Market Reserves Prime, Washington Mutual Investors and Federated Max - Cap.

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, 2002, this plan has approximately \$353 million in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Milliman & Robertson, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

**MONONGALIA COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2003**

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 year ended June 30, 2003 were:

Employees' contributions (4.5%)	\$ 998,711
Employer's contributions (7.5%)	<u>1,664,509</u>
Total contributions	\$ <u>2,663,220</u>

10. 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.

11. Restatement of Fund Balance(s)

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

	<u>General Current Expense</u>
Fund balance at June 30, 2002 as previously stated	\$ 4,575,561
Total adjustments (see below)	<u>30,961</u>
Fund balance at June 30, 2002	\$ <u>4,606,522</u>

The adjustment consisted of the following:

- *Prior years cancelled checks
- *Consolidated Public Retirement Board forfeitures

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

12. Unreserved Fund Balance - Designated

The Board has designated a portion of the unreserved balance of the General Current Expense Fund at June 30, 2003 to be expended for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Pepsi Contract	\$ 51,508
County Football	823
Technology E-Rate	138,919
MHS Gym Floor	1,500
Three Tier Funding	83
E. Lombardi Special Education Award	5,000
OT/PT Seminar Acct	117
Local Project	294
Local Project	491
Donations - Energy Express	12,890
MHS Distance Education	336
Technology - J. Taylor	140
ALC Assist Program	1,037
Playground	10,391
WV High Tech Consortium	13,605
Math Connections - S. Corder	268
RESA Grant - Special Education	5
Mylan - North	3,208
Three Tier Funding	4,258
BTG Donations	31
Three Tier Funding	17,193
Budget Digest	13,939
Heb B	2,856
Benedum Teacher Ed	47,509
Federal Unemployment Escrow	99,407
Tuition to LEA in State	<u>62,000</u>
 Total Unreserved Fund Balance - Designated	 \$ <u>487,808</u>

13. Commitments, Contingencies and Subsequent Events

As of June 30, 2003 the following commitments for construction and other capital improvements existed, which are included in the total amount of encumbrances reflected in the accompanying financial statements:

Suncrest Middle School MIP project 25210	\$ 1,683,713
--	--------------

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

14. Required Individual Fund Disclosures

The following funds have an excess of expenditures over appropriations for the year ended June 30, 2003:

	<u>Actual Revenues and Other Sources</u>	<u>Actual Expenditures and Other (Uses)</u>	<u>Excess of Expenditures and Other (Uses) Over Revenues and Other Sources</u>
General Current Expense Fund	\$ 68,384,100	\$ 70,435,177	\$ 2,051,077
Capital Projects - Bond Construction Fund	571	43,175	42,604
Capital Projects - Permanent Improvement Fund	11,358	2,218,410	2,207,052

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and the excess had no impact on the financial results of the Board.

15. Other Contingencies

The Board of Education receives a majority of its support from grantors. Any significant reduction in the level of support from any of its grantors could have a material effect on the Board of Education's programs and activities.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2003**

	<u>Special Revenue Fund- Restricted Projects</u>	<u>Special Revenue Fund- Individual Schools</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Current Assets			
Cash - overdraft	\$(457,249)	\$ 1,690,043	\$ 1,232,794
Intergovernmental receivables:			
State aid to schools	12,307	-0-	12,307
Reimbursements	<u>2,437,239</u>	<u>-0-</u>	<u>2,437,239</u>
TOTAL ASSETS	\$ <u>1,992,297</u>	\$ <u>1,690,043</u>	\$ <u>3,682,340</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ <u>34,854</u>	\$ <u>-0-</u>	\$ <u>34,854</u>
Total liabilities	<u>34,854</u>	<u>-0-</u>	<u>34,854</u>
Fund Equity			
Fund Balances			
Reserved for encumbrances	409,848	41,541	451,389
Reserved for earmarked funds	1,729,302	-0-	1,729,302
Reserved for schools	-0-	1,648,502	1,648,502
Undesignated (deficit)	<u>(181,707)</u>	<u>-0-</u>	<u>(181,707)</u>
Total fund equity	<u>1,957,443</u>	<u>1,690,043</u>	<u>3,647,486</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>1,992,297</u>	\$ <u>1,690,043</u>	\$ <u>3,682,340</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Special Revenue Fund- Restricted Projects</u>	<u>Special Revenue Fund- Individual Schools</u>	<u>Total (Memorandum Only)</u>
Revenues			
Local sources:			
Other local sources	\$ 1,405,690	\$ 2,523,300	\$ 3,928,990
State sources	3,001,046	-0-	3,001,046
Federal sources	<u>9,942,763</u>	<u>-0-</u>	<u>9,942,763</u>
Total revenues	<u>14,349,499</u>	<u>2,523,300</u>	<u>16,872,799</u>
Expenditures			
Regular elementary/secondary programs	6,525,208	-0-	6,525,208
Special education programs	1,497,703	-0-	1,497,703
Vocational education programs	265,623	-0-	265,623
Other elementary/secondary programs	-0-	2,505,586	2,505,586
Adult/continuing education programs	1,158,214	-0-	1,158,214
Community services programs	298,276	-0-	298,276
Undistributed expenditures	<u>5,701,958</u>	<u>-0-</u>	<u>5,701,958</u>
Total expenditures	<u>15,446,982</u>	<u>2,505,586</u>	<u>17,952,568</u>
(Deficiency) excess of revenues (under) over expenditures	(1,097,483)	<u>17,714</u>	(1,079,769)
Other Financing Sources (Uses)			
Operating transfers in	1,726,989	-0-	1,726,989
Operating transfers (out)	(214,061)	-0-	(214,061)
Total other financing sources	<u>1,512,928</u>	<u>-0-</u>	<u>1,512,928</u>
Excess of revenues and other financing sources over expenditures	415,445	17,714	433,159
Fund balance at June 30, 2002	<u>1,541,998</u>	<u>1,672,329</u>	<u>3,214,327</u>
Fund balance at June 30, 2003	\$ <u>1,957,443</u>	\$ <u>1,690,043</u>	\$ <u>3,647,486</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS
 CAPITAL PROJECT FUNDS
 JUNE 30, 2003**

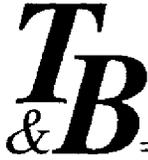
	<u>Capital Projects- Bond Construction</u>	<u>Capital Projects- Permanent Improvement</u>	<u>Capital Projects- Capital Projects</u>	<u>Total (Memorandum Only)</u>
ASSETS				
Cash	\$ -0-	\$ 57,960	\$ 1,296,465	\$ 1,354,425
TOTAL ASSETS	\$ -0-	\$ 57,960	\$ 1,296,465	\$ 1,354,425
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ -0-	\$ -0-	\$ 667,320	\$ 667,320
Total current liabilities	<u>-0-</u>	<u>-0-</u>	<u>667,320</u>	<u>667,320</u>
Fund Equity				
Reserved for encumbrances	-0-	14,640	1,683,713	1,698,353
Reserved for capital projects	-0-	43,320	-0-	43,320
Undesignated (deficit)	<u>-0-</u>	<u>-0-</u>	<u>(1,054,568)</u>	<u>(1,054,568)</u>
Total fund balance	<u>-0-</u>	<u>57,960</u>	<u>629,145</u>	<u>687,105</u>
TOTAL LIABILITES AND FUND EQUITY	\$ -0-	\$ 57,960	\$ 1,296,465	\$ 1,354,425

The accompanying independent auditor's report and notes are an integral part of this combining statement.

**MONONGALIA COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - REGULATORY BASIS
 CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Capital Projects- Bond Construction</u>	<u>Capital Projects- Permanent Improvement</u>	<u>Capital Projects- Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues				
Local sources:				
Other local sources	\$ 571	\$ 11,358	\$ -0-	\$ 11,929
Miscellaneous sources	<u>-0-</u>	<u>-0-</u>	<u>375,250</u>	<u>375,250</u>
Total revenues	<u>571</u>	<u>11,358</u>	<u>375,250</u>	<u>387,179</u>
Expenditures				
Capital projects	<u>4,600</u>	<u>1,953,140</u>	<u>1,099,950</u>	<u>3,057,690</u>
Total expenditures	<u>4,600</u>	<u>1,953,140</u>	<u>1,099,950</u>	<u>3,057,690</u>
(Deficiency) of revenues (under) expenditures	(4,029)	(1,941,782)	(724,700)	(2,670,511)
Other Financing Sources (Uses)				
Operating transfers in	-0-	-0-	1,353,845	1,353,845
Operating transfers (out)	<u>(38,575)</u>	<u>(265,270)</u>	<u>-0-</u>	<u>(303,845)</u>
Total other financing (uses) sources	<u>(38,575)</u>	<u>(265,270)</u>	<u>1,353,845</u>	<u>1,050,000</u>
(Deficiency) excess of revenues (under) over expenditures and other financing (uses) sources	(42,604)	(2,207,052)	629,145	(1,620,511)
Fund balance at June 30, 2002	<u>42,604</u>	<u>2,265,012</u>	<u>-0-</u>	<u>2,307,616</u>
Fund balance at June 30, 2003	\$ <u>-0-</u>	\$ <u>57,960</u>	\$ <u>629,145</u>	\$ <u>687,105</u>

The accompanying independent auditor's report and notes are an integral part of this combining statement.



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • E-mail: TBCPA@tetrickbartlett.com

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

We have audited the financial statements of the Monongalia County Board of Education as of and for the year ended June 30, 2003, and have issued our report thereon dated November 18, 2003, which was modified because the Board of Education prepares its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Compliance

As part of obtaining reasonable assurance about whether the Monongalia County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item #03-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monongalia County Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Monongalia County Board of Education management, others within the Organization, the West Virginia State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

November 18, 2003



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia 26505

Compliance

We have audited the compliance of the Monongalia County Board of Education with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The Monongalia County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Monongalia County Board of Education's management. Our responsibility is to express an opinion on the Monongalia County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monongalia County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Monongalia County Board of Education's compliance with those requirements.

As described in item #03-02 in the accompanying schedule of findings and questioned costs, Monongalia County Board of Education did not comply with the requirements regarding:

#03-02 Eligibility - applicable to the Child Nutrition Cluster:
School Breakfast Program/National School Lunch Program

Compliance with such requirements is necessary, in our opinion, for Monongalia County Board of Education to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Monongalia County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Monongalia County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Monongalia County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Monongalia County Board of Education's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #03-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item #03-03 to be a material weakness.

This report is intended for the information and use of the Monongalia County Board of Education management, others within the Organization, the West Virginia State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tetrick & Bartlett, PLLC

November 18, 2003

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

A. Summary of Audit Results

1. The auditor's report expresses a unqualified opinion on the financial statements of the Monongalia County Board of Education in accordance with the basis of accounting prescribed by the West Virginia Department of Education.
2. No matters were disclosed during the audit of the financial statements in the Report On Compliance And Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards, involving internal control.
3. One instance of noncompliance material to the financial statements of the Monongalia County Board of Education was disclosed during the audit.
4. One reportable condition relating to the audit of the major federal award programs is disclosed in the Report On Compliance With The Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. This condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the Monongalia County Board of Education expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for the Monongalia County Board of Education are reported in this schedule.
7. The programs tested as major programs are:

U.S. Department of Agriculture		
Child Nutrition Cluster: School Breakfast Program/National School Lunch Program		#10.553./10.555
U.S. Department of Education		
Title I - Grants to Local Educational Agencies		#84.010
U.S. Department of Education		
Special Education - Grants to States		#84.027
U.S. Department of Health & Human Services		
Administration for Children and Families Head Start and Early Start		#93.600
U.S. Department of Education		
Twenty-First Century Community Learning		#84.287
U.S. Department of Education		
Improving Teacher Quality State Grants		#84.367

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Monongalia County Board of Education did not qualify as a low-risk auditee.

B. Findings - Financial Statements Audit

Reportable Conditions

#03-01 Drug-Free Workplace Verification Statement

Condition: We noted during our audit three instances where the Monongalia County Board of Education did not obtain a signed Drug-Free Workplace Verification Statement from employees in regards to the County's Drug-Free Workplace Policy.

Criteria: The County's Policy states in part:

As a condition of employment with the Monongalia County Board of Education, employees shall

- (1) abide by the terms of this policy; compliance is mandatory; and
- (2) notify their supervisor or department head of any criminal drug statute conviction for a violation occurring in the workplace, no later than 5 days after such conviction; and
- (3) Sign the "Drug-Free Workplace Verification Statement."

It shall be the responsibility of the Monongalia County Board of Education to establish a drug awareness program for Monongalia County Schools employees to provide information on the following: the Employee Assistance Program; the dangers of drug-abuse in the workplace; the establishment and maintenance of a drug-free workplace; the penalties for workplace drug-abuse; available drug-free literature.

Cause: Effective procedures were not in place to ensure that all employees of the Monongalia County Board of Education sign a Drug-Free Workplace Policy Verification Statement.

Effect: As a result of this non-compliance, questions could arise regarding the adhering of the County's Drug-Free Workplace Policy.

Recommendations: It is recommended that the Monongalia County Board of Education institute procedures to ensure that all County policy's are followed by employees and that all required policy documentation is obtained.

Audited Agency's Response: The Personnel Department has been informed of this finding and is instructed to perform an audit of all personnel files to insure that a signed statement is on file for all employees.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

C. Findings and Questioned Costs - Major Federal Award Programs Audit

#03-02 Eligibility

U.S. Department of Agriculture

Child Nutrition Cluster: School Breakfast Program/
National School Lunch Program
CFDA #10.553/10.555

Questioned
Costs

Condition: We noted during our audit, that three student applications tested for eligibility were approved to receive free meals in the School's computer system, but based on income guidelines should have been approved to receive reduced priced meals.

Criteria: Federal regulations require that income eligibility must be determined based on the guidelines to determine participant eligibility.

Cause: The determination for the eligibility of free and reduced meals was incorrectly assessed.

Effect: If proper and accurate documentation and approval is not carried out by the Board of Education, then the Board could be furnishing free or reduced meals to students who are not eligible.

Recommendations: We recommend that the Board take the necessary steps to ensure that accurate determinations are made on the eligibility of each student receiving benefits.

Furthermore, we recommend that the Treasurer of the Board of Education contact the West Virginia Department of Education for payback considerations.

Audited Agency's Response: The Board of Education Treasurer and the Child Nutrition Director will contact the Principals of each school and request that the Principals pay stronger attention to the income eligibility guidelines, when students are approved for free and reduced meals.

Total Questioned Costs

\$ 237

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

#03-03 Purchase Orders

U.S. Department of Education

Twenty-First Century Community Learning
CFDA #84.287

Questioned
Costs

Condition: We determined during our audit that some purchase orders were issued after invoices were received. From the major program, 40 cash disbursements were tested and the following number of instances where the purchase orders were issued after the invoice was received as follows:

<u>Program</u>	<u>CFDA#</u>	<u>Number of Instances</u>
Twenty-First Century Community Learning	#84.287	3

Criteria: In order to maintain a proper accounting of expenditures, purchase orders must be issued prior to placing the order for purchases, incurring the debt and receiving the invoice. This request for purchases must then be compared to the budget to determine if funds are available in that line item in order to allow approval of the expenditure.

Cause: Purchase procedures require that purchases be approved in advance of the obligation being incurred. Expenditures have been incurred without an approved requisition in advance, through the purchasing procedures which are in place.

Effect: As a result of the failure to prepare, approve, and record purchases prior to incurring the debt and receiving the invoice, the board has increased the risk of improper expenditures, excess expenditures and other possible violations of the West Virginia State Code.

Recommendations: It is recommended that the Monongalia County Board of Education implement purchase order procedures to insure that ALL purchases are approved prior to the debt for such purchases or services being incurred. Approved purchase orders should serve to verify that invoices are in agreement with such approved purchase orders.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

Questioned
Costs

Audited Agency's Response: The board has adequate policies pertaining to purchase orders. All personnel responsible for purchasing have been informed that any purchase made prior to a purchase order being issued will be an unauthorized purchase order and may subject the individual to personal liability for the purchase even though the materials or services are used in the public school system.

Total Questioned Costs

\$ -0-

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture			
Passed-through State Department of Health and Human Resources Food Distribution	10.550	88	\$ 161,457
Pass-through West Virginia Department of Education			
Child Nutrition Cluster: School Breakfast Program/National School Lunch Program	10.553/10.555	88	<u>3,951,695</u>
Total U.S. Department of Agriculture			\$ <u>4,113,152</u>
U.S. Department of Education			
Pass-through West Virginia Department of Education			
<u>Program Title</u>			
Adult Education - State Administrated Basic Grant Program	84.002	61	\$ 147,016
Title I Programs - Local Educational Agencies	84.010	41	2,067,439
Special Education - Grants to States	84.027	43	1,393,083
Vocational Education - Basic Grants to States	84.048	50,62	178,794
Federal Pell Grant Program	84.063	N/A	235,978
Special Education - Preschool Grants	84.173	43	75,518
Eisenhower Professional Development State Grants	84.281	40	4,576
Safe and Drug-Free Schools and Communities - State Grants	84.186	48	69,570

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Education for Homeless Children and Youth	84.196	54	\$ 12,702
Even Start - State Educational Agencies	84.213	41	254,277
Fund for the Improvement of Education	84.215	49	10,668
Education Technology Literacy Grants	84.318	49	11,782
Twenty-First Century Community Learning	84.287	49	983,955
Goals 2000 State and Local Education Systemic Improvement Grants	84.276	49	248,705
Parental Assistance Centers	84.310	41	18,851
Foreign Language Assistance	84.293	49	1
Innovative Education Program Strategies	84.298	42	20,348
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	49	241,549
Class Size Reduction	84.340	42	43,890
School Renovation Grants	84.352	43	49,890
Improving Teacher Quality State Grants	84.367	40	<u>539,311</u>
Total U.S. Department of Education			\$ <u>6,607,903</u>

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through West Virginia Department of Education			
<u>Program Title</u>			
Center for Disease Control and Prevention	93.283	49	\$ 1,178
Temporary Assistance for Needy Families	93.558	49	3,989
Child Care and Development Block Grant	93.575	49	7,601
Head Start	93.600	32	2,094,412
Developmental Disabilities Basic Support	93.630	49	<u>7,125</u>
Total U.S. Department of Health and Human Services			\$ <u>2,114,305</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>12,835,360</u>

The accompanying notes are an integral part of this schedule.

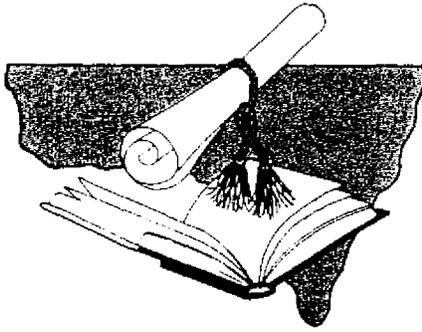
**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of the Monongalia County Board of Education and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The Board received and disbursed \$161,457 in food commodities in the Donated Foods Program for the year ended June 30, 2003.



MONONGALIA COUNTY SCHOOLS

13 South High Street, Morgantown, WV 26501
Phone 304-291-9210 FAX 304-291-3015

BOARD OF EDUCATION

Nancy A. Walker, *President* • Dr. Michael T. Yura, *Vice-President*
Stephen L. Cook • Dr. Barbara L. Parsons • Joseph C. Statler
November 18, 2003

SUPERINTENDENT

Dr. Michael J. Vetere, Jr.

CORRECTIVE ACTION PLAN

U.S. Department of Education and
the U.S. Department of Agriculture

Monongalia County Board of Education respectfully submits the following corrective action plan for the year ended June 30, 2003. Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC, P.O. Box 1916, Clarksburg, WV 26302-1916. Audit period: July 1, 2002 through June 30, 2003.

The findings from the June 30, 2003 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. Findings - Financial Statement Audit

Reportable Conditions

#03-01 Drug-Free Workplace Verification Statement

Recommendation: It is recommended that the Monongalia County Board of Education institute procedures to ensure that all County policy's are followed by employees and that all required policy documentation is obtained.

Action Taken: The Director of Personnel has been informed of this finding and is instructed to perform an audit of all personnel files to insure that a signed drug free statement is on file for all employees. Procedures and internal controls are to be developed and implemented to insure that drug free statements for all personnel are properly signed and filed in the employee's personnel file.

C. Findings and Questioned Costs - Major Federal Award Program Audit

#03-02 Eligibility

U.S. Department of Agriculture

*Child Nutrition Cluster: School Breakfast Program/National School Lunch Program
CFDA #10.553/10.555*

Recommendations: We recommend that the Board take the necessary steps to ensure that accurate determinations are made on the eligibility of each student receiving benefits.

Furthermore, we recommend that the Treasurer of the Board of Education contact the West Virginia Department of Education for payback considerations.

Action Taken: The Board of Education Treasurer and the Child Nutrition Director have contacted the Principals of each school and requested that the Principals pay stronger attention to the income eligibility guidelines, when students are approved for free and reduced meals. Furthermore, the Treasurer of the Board of Education will contact the West Virginia Department of Education for payback considerations.

#03-03 Purchase Orders

U.S. Department of Education

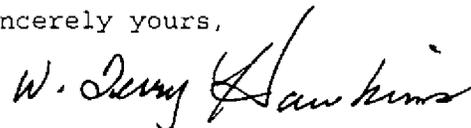
Twenty-First Century Community Learning CFDA #84.287

Recommendations: It is recommended that the Monongalia County Board of Education implement purchase order procedures to insure that ALL purchases are approved prior to the debt for such purchases or services being incurred. Approved purchase orders should serve to verify that invoices are in agreement with such approved purchase orders.

Action Taken: The board has adequate policies pertaining to purchase orders. All personnel responsible for purchasing have been informed that any purchase made prior to a purchase order being issued will be an unauthorized purchase and may subject the individual to personal liability for the purchase even though the materials or services are used in the public school system.

If the U.S. Department of Education and the U. S. Department of Agriculture, have questions regarding this plan, please contact W. Terry Hawkins, Treasurer, at (304)291-9210.

Sincerely yours,



W. Terry Hawkins, Treasurer
Monongalia County Board of Education

**MONONGALIA COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number: #02-03 Indirect Costs

U.S. Department of Health and Human Services

Head Start CFDA #93.600

Condition: We noted during our audit that indirect costs were incorrectly charged to the programs receiving funding under Head State CFDA #93.600. These charges are not in compliance with the U.S. Office of Management and Budget (OMB) Circular A-87.

Recommendation: The Monongalia County Board of Education is directed to receive assistance from the West Virginia Department of Education in order to payback the amount that was incorrectly charges, or to adjust future claims.

Current Status: This condition has been corrected and is not a finding as of the June 30, 2003 audit.

Reference Number: #02-04 Accounts and Records

U.S. Department of Agriculture

*Child Nutrition Cluster: School Breakfast Program/National School Lunch
Program CFDA #10.553/10.555*

Condition: We noted during our tests for eligibility of income for the Child Nutrition Program, that one school did not retain its *Applications for Free and Reduced Price Meals*.

Recommendation: It is recommended that the Monongalia County Board of Education take all necessary steps to inform responsible personnel of the record retention policies and procedures.

Current Status: This condition has been corrected and is not a finding as of the June 30, 2003 audit.

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APPENDIX B

Economic and Demographic Data

COUNTY OF MONONGALIA(WEST VIRGINIA)

Introduction

Location: Monongalia County is located in the North-Central part of the State of West Virginia and is 156 miles from the City of Charleston, West Virginia (the State Capitol), 73 miles from Pittsburgh, Pennsylvania, 76 miles from Wheeling, West Virginia, and 212 miles from Washington, D.C.

County Seat: City of Morgantown

Commissioners: Asel Kennedy, President, Robert Bell and John W. Pyles

Population

Year	Monongalia County	West Virginia	United States
1990 Census	75,509	1,792,548	249,622,814
2000 Census	81,922	1,807,099	282,124,631
2002 (July 1)	82,895	1,801,873	288,368,698

Economy

The ten (10) largest employers, the type of business and number of employees for such companies for the year 2003 in the County are:

Employer	Product/Service
West Virginia University	Education
West Virginia University Hospitals	Health
Monongalia Co. Board of Education	Education
Mylan Pharmaceuticals, Inc.	Mfg.
University Health Associates	Health
Monongalia General Hospital	Health
Teletch Customer Care Mgt. (WV), Inc.	
Gabriel Brothers, Inc.	Retail
WV Dept. of Health & Human Resources	Services
Wal-Mart Stores, Inc.	Retail

Average Annual Unemployment Rates (%)

Year	Monongalia County	West Virginia
1998	3.5	6.6
1999	3.4	6.6
2000	2.4	5.5
2001	2.1	4.8
2002	2.8	6.1
2003	3.0	6.4

Average Annual Employment by Industry

Industry	1999	2000	2001*	2002*
Agriculture	126	126	N/A	N/A
Mining	654	639	N/A	N/A
Natural Resources & Mining	N/A	N/A	548	527
Construction	1,428	1,534	1,600	1,594
Manufacturing	2,522	2,573	41	2,333
Transportation & Public Utilities	1,070	1,114	N/A	N/A
Wholesale Trade	1,088	964	N/A	N/A
Retail Trade	7,747	7,980	N/A	N/A
Trade, Transportation & Utilities	N/A	N/A	6,044	6,144
Information	N/A	N/A	653	654
Finance, Insurance & Real Estate	1,231	1,255	N/A	N/A
Financial Activities	N/A	N/A	1,249	1,276
Professional & Business Services	N/A	N/A	3,768	3,864
Education & Health Services	N/A	N/A	9,051	9,361
Leisure and Hospitality	N/A	N/A	4,144	4,149
Other Services	N/A	N/A	1,317	1,254
Services	12,438	13,577	N/A	N/A
Non-Classifiable Establishments	N/A	29	N/A	N/A
Government	<u>11,349</u>	<u>11,630</u>	<u>11,915</u>	<u>12,201</u>
TOTAL	39,663	41,222	42,631	43,399

*NAICS Based

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1997	2002	1997	2002
Monongalia County	38,162	43,399	\$24,211	\$29,585
West Virginia	669,108	755,000	\$24,715	\$28,615

Per Capita Personal Income

County	1990	2001	Rank in State
United States	\$19,572	\$30,413	---
West Virginia	\$14,579	\$22,862	---
Monongalia County	\$15,690	\$25,878	6

Wages Per Industry (2002) (\$)

Industry	Total Wages	Average Annual Wage
Natural Resources & Mining	20,822,091	39,511
Construction	45,871,511	28,778
Manufacturing	118,294,035	50,705
Trade, Transportation & Utilities	133,042,267	21,654
Information	22,151,714	33,871
Financial Activities	38,752,579	30,370
Professional & Business Services	100,963,390	26,129
Education & Health Services	308,293,022	32,934
Leisure and Hospitality	40,648,094	9,797
Other Services	25,393,287	20,250
Government	<u>429,243,686</u>	<u>35,181</u>
TOTAL	1,283,963,867	29,585

Total Wages (\$)

Year	Monongalia County	West Virginia
1996	930,602,717	15,952,131,690
1997	923,957,941	16,537,513,606
1998	985,784,339	17,153,017,978
1999	1,040,367,915	17,708,843,730
2000	1,135,724,482	18,464,578,396
2001	1,226,238,612	19,190,285,426
2002	1,283,963,867	19,549,827,426

Community Data

Education Facilities	
Elementary	20
Middle or Jr. High	4
High Schools	3
Vocational Schools	1
Other	0
Colleges:	
West Virginia University, City of Morgantown (Monongalia County)	
Fairmont State College, City of Fairmont (Marion County)	
Salem International, City of Salem (Harrison County)	
Recreational Facilities	
Parks	10
Baseball-Softball Fields	20
Basketball Courts:	
Indoor	15
Outdoor	25
Playgrounds	47
Swimming pools	8
Auditoriums	6
Stadiums	3
Theaters:	
Indoors	13
Outdoors	0
Golf Courses	7
Tennis Courts:	
Indoor	5
Outdoor	25
Country Clubs	2
Medical	
Hospitals	3
Beds	727
Doctors	493
Dentists	101

Transportation	
Highways:	
WV Routes	218,100,7
US Routes	119,19
Carriers available	Yes
Parcel service available	Yes
	3
Industrial Parks	
Airports:	Morgantown Municipal, Morgantown
Railroads:	CSXT, Norfolk & Southern, Monongalia
Motor Freight Carriers	Yes
Bus Service	Yes

Newspapers:	2
Telephone:	Verizon, Citizens Mountain State, West Side
TV Station	1
Radio Stations	7

Utilities	
Electricity:	Allegheny Power
Natural Gas:	AV Gas, Blackville Oil & Gas, Carnegie Natural Gas, Allegheny Power, Hope Gas, Pennzoil

Other Data	
Child Care	28
Banks (including branches)	24
Libraries	4

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

_____, 2004

\$50,000,000
The Board of Education of the County of Monongalia (West Virginia)
Public School Bonds, Series 2004

The Board of Education of the
County of Monongalia
Morgantown, West Virginia

[Bond Purchaser]

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of \$50,000,000 Public School Bonds, Series 2004 (the "Bonds"), of Monongalia County School District, by and through The Board of Education of the County of Monongalia, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated _____ 1, 2004, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of \$5,000 or integral multiples thereof, mature on May 1 in years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2004, at the rates set forth in the Official Statement of the Issuer, dated _____, 2004. The Bonds are subject to redemption prior to maturity as described therein.

The Bonds were authorized at an election held in Monongalia County School District on October 4, 2003, and by a resolution and order adopted by the Issuer on February 24, 2004, as supplemented (such resolution and order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction and equipping of new public school facilities in Monongalia County School District, and paying costs of issuance of the Bonds.

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

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

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

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has the power and is obligated to levy ad valorem taxes upon all the taxable property within Monongalia County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount. The Issuer has outstanding its Public School Refunding Bonds, Series 1999, dated June 1, 1999, originally issued in the aggregate principal amount of \$19,689,625 and currently outstanding in the aggregate principal amount of \$ _____, payable on a parity from the same sources as the Bonds.

3. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of such corporate holder. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Resolution, the Tax Certificate and the certified proceedings and other certifications of the Issuer. Failure to comply with certain of such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences with respect to the Bonds except as expressly set forth as paragraph 5.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

04/07/04
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APPENDIX D

PROPOSED PROJECTS

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

<u>Project</u>	<u>Location</u>	<u>Estimated Cost</u>	
		<u>Bond Proceeds</u>	<u>SBA Grant</u>
1. UNIVERSITY HIGH SCHOOL Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon School	\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including a gymnasium, locker rooms, cafeteria, kitchen, auditorium and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including classrooms, media center, administrative and student services facilities to include HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$4,000,000	\$-0-

4.	REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-
	TOTALS		\$50,00,000	\$15,585,000

Approximate total cost to be paid from bond proceeds \$50,000,000

Approximate total cost to be paid from SBA grants \$15,585,000

Approximate total cost of all projects \$65,585,000

ELECTED OFFICIALS OF THE BOARD

Nancy A. Walker, Board President

Mrs. Walker has been an elected member of the Board since 1996. She has served as it's vice-president and is presently serving her second term as President of the Monongalia County Board of Education. She was educated in Harrison County Schools and is a graduate of West Virginia University Hospitals Radiology and Ultrasound Program. She is locally employed in that field. Mrs. Walker and her husband have two children, who attend Monongalia County Schools with one now attending West Virginia University.

Stephen L. Cook

Mr. Cook is serving his second term as a member of the Monongalia County Board of Education. He is 62 years old, married and the father of three children. He holds BA and MA degrees from the University of Iowa. Presently, Mr. Cook is the Director of Institute for Labor Studies and Research at West Virginia University and an Associate Professor. He is a member of the Governor's Coal Mine Health and Safety Board and the Region 7 Work Force Investment Board. He is a former member of the West Virginia House of Delegates (1980-82, 1988-94); West Virginia Senate (1982-86), and former State Labor Commissioner of West Virginia (1977-79)

Dr. Barbara L. Parsons

Dr. Parsons is a member of the Monongalia County Board of Education, elected in 2002. She is the Director of Education Services with Monongalia Health System, Coordinator of Leadership Monongalia, Treasurer of the Board of Directors of the Lutheran Affiliated Services (Pittsburgh, Pa.) and a former Vice-Chair of the Morgantown Utility Board.

Joseph C. Statler

Mr. Statler was elected to the Monongalia County Board of Education in 2002. He graduated from Clay-Battelle High School in 1971. He is retired from Consol Energy, Inc. after 26 years of service, 23 as a foreman. He has been involved with several school and county committees since 1985. He is a member of the Board of the Monongalia County School Foundation, Chairman of the Monongalia County Extension Service Committee and a member of the Board of Morgantown-Monongalia County Transportation Planning Organization. He is also a member of the Olive United Methodist Church and Chairman of the Trustees.

Dr. Michael T. Yura

Dr. Yura, Senior Vice President for the National Biometric Security Project (NBSP), located in Morgantown, oversees all West Virginia activities. NBSP is tasked with assisting all non-defense department agencies and the private sector with integrating biometric technologies to protect critical infrastructure against terrorism.

Dr. Yura closely works with WVU Biometric Knowledge Center and the WVU Center for ID Technology, Research (CITeR) and the DoD Biometric Fusion Center of the biometric Management Office (BMO) for the Dept. of the Army as part of its WV activities. He is also an adjunct professor in the Lane Dept. of Computer Science Electrical Engineering and Biometric Systems. In addition to his professional activities, he is currently Vice President of the Monongalia County Board of Education.

Prior to joining NBSP, Dr. Yura was the first Director of the Forensic Identification Program at WVU, where he facilitated a Memorandum of Understanding between WVU and the FBI to fill an international

void in training and degree programs by creating degree programs in Forensic and Investigative Science and in Biometric Systems. During this period, two additional government-academia partnerships at WVU were created: WVU in the home of the Center for Identification Technology Research (CITeR) under a National Science foundation-sponsored industry-University Collaboration in biometrics; and the national Security Agency designated WVU's Information Assurance (IA) Program as a Center of Excellence in IA Education.

Dr. Yura started his career at West Virginia University in 1971, where he was a full professor in the Counseling Psychology Dept. He earned his Ph.D. from Ohio State University. He also attended Mount Saint Mary's College University of Texas and Temple University prior to receiving his doctorate degree.

APPOINTED OFFICIALS OF THE BOARD

Dr. Michael J. Vetere, Jr.

Dr. Vetere has been Superintendent of Monongalia County Schools since July 1999 and has more than 30 years of additional administrative and educational experience in Pennsylvania and Indiana.

He earned his BS Degree from Mansfield State College, an MA Degree from Ball State University and his doctorate from the University of Pittsburgh.

W. Terry Hawkins

Mr. Hawkins has been Chief School Business Official and Treasurer for the Monongalia County Board of Education since November 1993. Prior to joining the school system, he was employed by the State of West Virginia Department of Tax and Revenue as an auditor for over twenty years.

Mr. Hawkins received his BS degree in Business Administration from West Virginia University in 1972.

Dr. Janice Christopher

Ms. Christopher has been Assistant Superintendent in Monongalia County since July 1997 and has more than twenty-five years of additional administrative experience in Berkeley County, WV and Loudoun Co., Va.

She earned a BS and MA from West Virginia University and her doctorate from Virginia Tech.

Dr. Sharon Harsh

Dr. Harsh is the Assistant Superintendent for Curriculum and Instruction in Monongalia County Schools, a position she had held since February 2001. She has more than twenty-five years of experience as a county administrator, also serving as Assistant Superintendent in Barbour and Preston Counties.

She has a doctorate in Education Administration and Instructional Leadership from West Virginia University. She completed elementary, early childhood and reading certification at Fairmont State College and West Virginia University, school psychology certification at Indiana University of Pennsylvania and social services and attendance certification at Glenville State College.

She is a member of the West Virginia Association of School Administrators, Association for Curriculum and Supervision, and the International Reading Association. She has served for fifteen years as an adjunct instructor at the undergraduate and graduate levels and is a member of numerous community organizations.

Jacob Mullett

Mr. Mullett has been Assistant Superintendent in Monongalia County Schools since 1989. He served as administrative assistant the year prior to being named an assistant superintendent.

He was previously a teacher at Sabraton Junior High School for four years and served as a principal of Cass Junior High School, Clay-Battelle High School and South Junior High School for sixteen years.

He holds BS and MA degrees from West Virginia University.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY of MONONGALIA (the "Issuer"), and United Bank, Inc., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$50,000,000, The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Underwriter" shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2003-2004 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications to rights of security holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Paying Agent or the Paying Agent in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees

Dated: _____, 2004.

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (West Virginia)

By: _____

Title President

A West Virginia State Banking corporation,

By: _____

Title: _____

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Monongalia (West Virginia)

Name of Bond Issue: \$50,000,000 Public School Bonds, Series 2004

Date of Bond Issue: _____, 2004

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated _____, 2004, to be provided. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____,

on behalf of the Issuer

cc: [Issuer]

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

COUNTERSIGNED:

Resident Licensed Agent

City, State

STD-RCS-6
4/95

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

SPECIMEN

SPECIMEN

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Bank One Center, Sixth Floor
P.O. Box 2190
Clarksburg, WV 26302-2190
(304) 624-8000 (304) 624-8183 Fax
www.steptoelaw.com

Writer's Contact Information
(304) 62408161 - Telephone
collinva@steptoe-johnson.com

May 26, 2004

\$50,000,000
The Board of Education of the County of Monongalia (West Virginia)
Public School Bonds, Series 2004

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

Vincent A. Collins

VAC/jlt
Copy of letter with enclosures to:
All on Attached Distribution List
613760.00005

DISTRIBUTION LIST FOR MONONGALIA BOARD OF EDUCATION

Sara Boardman, CPA
Acting Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
Phone: 304.558.3971
Fax: 304.558.1280
E-Mail: sboardman@state.wv.us

Harry M. Rubenstein, Esquire
Kay Casto & Chaney PLLC
50 Clay Street
Morgantown, WV 26501
Phone: 304.296.1100
Fax: 304.296.6116
E-Mail: h.rubenstein@kaycasto.com

Dr. Michael J. Vetere, Jr.
Superintendent of Schools
Mr. Terry Hawkins, EXT. 560
Treasurer
Monongalia County Board of Education
13 South High Street
Morgantown, WV 26501
Phone: 304.291.9210
Fax: 304.292.3022
E-Mail: mvetere@access.k12.wv.us
E-Mail: whawkins@access.k12.wv.us

Vincent A. Collins, Esquire
Steptoe & Johnson PLLC
Bank One Center, Sixth Floor
Clarksburg, WV 26301
Phone: 304.624.8161
Fax: 304.624.8183
E-Mail: collinva@steptoe-johnson.com

Ms. Marie L. Prezioso
Senior Vice President
Ferris, Baker Watts, Incorporated
100 Laidley Tower
500 Lee Street
Charleston, WV 25301
Phone: 304.345.3421
Fax: 304.345.5722
E-Mail: mprezioso@fbw.com

Ms. Kathy Smith
Vice President
United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301
Phone: 304.348.8427
Fax: 304.348.8431
E-Mail: kathy.smith@ubsi-wv.com

Mr. Mike Cocchiola
Merrill Lynch & Company
4 World Financial Center, 9th Floor
New York, NY 10080
Phone: 212.449.2068
Fax: 212.449.7151
E-Mail: michael_cocchiola@ml.com

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (West Virgin	2 Issuer's employer identification number 55 6000366	3 Number and street (or P.O. box if mail is not delivered to street address) 13 South High Street	4 Report number 3 2004 01
5 City, town, or post office, state, and ZIP code Morgantown, WV 26505	6 Date of issue 5/26/2004	7 Name of issue Public School Bonds, Series 2004	8 CUSIP number 610219 CL 9
9 Name and title of officer or legal representative whom the IRS may call for more information Dr. Michael J. Vetere, Jr., Superintendent	10 Telephone number of officer or legal representative (304) 291-9210		

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input checked="" type="checkbox"/> Education	11	\$50,271,106
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input type="checkbox"/> Environment (including sewage bonds)	15	
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

FILE COPY

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	5/1/2033	\$ 50,271,106	\$ 50,000,000	18.3898 years	5.00362 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	177,017
23 Issue price of entire issue (enter amount from line 21, column (b))	23	50,271,106
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	77,000
25 Proceeds used for credit enhancement	25	-0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-
27 Proceeds used to currently refund prior issues	27	-0-
28 Proceeds used to advance refund prior issues	28	-0-
29 Total (add lines 24 through 28)	29	77,000
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	50,194,106

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	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	48,900,000
b Enter the final maturity date of the guaranteed investment contract	12/1/2007	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer _____ and the date of the issue _____		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of issuer's authorized representative: *Michael J. Vetere, Jr.* Date: **5-26-04**

Type or print name and title: **Michael J. Vetere, Superintendent**

Continuing Disclosure Agreement

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION of the COUNTY of MONONGALIA (the "Issuer"), and United Bank, Inc., Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$50,000,000, The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Board or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Underwriter" shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2003-2004 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

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

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing

a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution or Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Paying Agent or the Paying Agent in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expense (including reasonable attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	The Board of Education of the County of Monongalia 13 South High Street Morgantown, WV 26501
----------------	--

To the Dissemination Agent	United Bank, Inc. 500 Virginia Street Charleston, WV 26301
----------------------------	--

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter, the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Monongalia (West Virginia)

Amount of Bond Issue: \$ _____

Name of Bond Issue: _____

Date of Bond Issue: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated _____, to be provided. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

on behalf of the Issuer

cc: [Issuer]

05/17/04
613760.00005

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Dated: May 26, 2004.

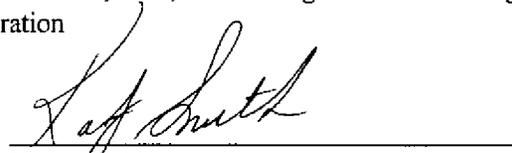
THE BOARD OF EDUCATION OF THE COUNTY
OF MONONGALIA (West Virginia)

By:


Nancy A. Walker
President

UNITED BANK, INC., a West Virginia State Banking
corporation

By:


Kathy Smith
Vice President

PUBLISHER'S CERTIFICATE

VS.

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I, James Matuga, Advertising Manager of THE
DOMINION POST, a newspaper of general circulation
published in the City of Morgantown, County and State
aforesaid, do hereby certify that the annexed

Legal Notice

was published in the said DOMINION POST once a week
for 2 successive weeks, commencing on the 25
day of Sept., 2003 and ending on the 2 day
of Oct., 2003.

I also certify that the same was duly posted on the
day of , 20 at the front door of the
Court House of said county, as provided by law.

The publisher's fee for said publication is \$1411.41.

Given under my hand this 2 day of Oct.
2003.

James Matuga
Advertising Manager of THE DOMINION POST

(SEAL)

Subscribed and sworn to before me this 2
day of Oct., 2003.

Kathy J. Custer
Notary Public of Monongalia County, W. Va.

My commission expires on the 13 day
of April, 2004.



OFFICIAL SEAL
Notary Public, State of West Virginia
KATHY J. CUSTER
469 WESTWOOD STREET
STAR CITY, WV 26505

My Commission Expires April 13, 2004

28A

NOTICE OF SCHOOL BOND ELECTION

A SPECIAL SCHOOL BOND ELECTION WILL BE HELD ON SATURDAY, OCTOBER 4, 2003, IN MONONGALIA COUNTY, WEST VIRGINIA, ON THE MATTERS SET FORTH IN AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, AS FULLY SET FORTH AS FOLLOWS:

Bond Election Order

**MONONGALIA COUNTY BOARD OF EDUCATION
ORDER DIRECTING ELECTION**

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA DIRECTING THAT A SPECIAL ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF MONONGALIA COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE PRINCIPAL AMOUNT OF FIFTY MILLION DOLLARS (\$50,000,000) FOR LAND ACQUISITION, SCHOOL AND OTHER CONSTRUCTION, RENOVATION AND IMPROVEMENTS IN MONONGALIA COUNTY SCHOOL DISTRICT.

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

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

1. Insufficient, obsolete and inefficient school buildings and related facilities, in Monongalia County School District (the "District") 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, prepare or improve the sites therefor and construct, improve, expand, renovate, repair, furnish and equip certain 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 the 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 to pay such costs.

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, preparation or improvement of sites, for acquisition, construction and equipping of certain new school and other facilities and for construction, expansion, improvement, renovation, repair, furnishing and equipping of certain existing school facilities (collectively, the "Project"), to pay interest during construction of the Project and for up to six months thereafter 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 \$65,585,000 must be spent for such purposes, \$50,000,000 of which would be provided from proceeds of the hereinafter-described Bonds, and \$15,585,000 of which would be provided from a grant or grants from the School Building Authority of West Virginia (the "SBA") a portion of which (\$3,585,000) has been committed and the remainder of which (\$12,000,000) is expected to be committed in December, 2003, all to the end of providing adequate, safe and convenient school and other facilities in the District to meet and improve the educational needs and opportunities of the students in the District.

3. The valuation of the taxable property in the District, as shown by the last assessment thereof for state and county taxation purposes, is \$2,550,659,127, and the valuation of each class of property within the District is as follows:

Class I	\$3,250,888
Class II	942,539,985
Class III	1,064,613,532
Class IV	540,254,722
TOTAL	<u>\$2,550,659,127</u>

4. There is general obligation bonded indebtedness for school purposes in the District outstanding in the principal amount of \$7,457,108. Other than such general obligation debt, the indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate amount of \$50,000,000, which together with the principal amount of all bonds outstanding, is 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 \$50,000,000, 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, or for additions, renovations or improvements to existing school facilities in the District, any sum remaining unused upon completion of any of such facilities, whether any such sum remains unused upon completion by reason of lower than estimated costs for such facility or facilities or a grant-in-aid upon the cost of such facility or facilities 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 in the event that any part of the bond proceeds should not be needed for completion of the Project, or for additions, renovations or improvements to existing school facilities in the District, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to the date of purchase or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified, 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.

The Bonds shall not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the SBA to provide a grant or grants to the District for such Project in the amount of not less than \$12,000,000, which, together with the \$3,585,000 previously committed by the SBA, will provide total grant funds to the District of \$15,585,000.

6. The Bonds shall bear interest at a rate or rates not exceeding 6.50% per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable for a maximum term of 29 years from the date thereof.

7. It is further hereby ordered by the Board of Education of the County of Monongalia 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 Monongalia County School District at a special school bond election to be held in the District on **Saturday, October 4, 2003**.

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

Jean Friend
Bader Giggenbach
Stephen Higgins

(C) The registration of voters and the use of the registration books shall be governed by the permanent registration laws of the State of West Virginia and the Board hereby adopts the registration lists of the County of Monongalia as the official registration lists of the District for such school bond election.

(D) The purposes or projects for which the proceeds of sale of the Bonds, (\$50,000,000), if authorized by the voters and grants from the School Building Authority of West Virginia (\$15,585,000) are to be expended as follows:

NEW SCHOOLS

<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND</u>	<u>ESTIMATED COST</u>	
			<u>SBA PROCEEDS</u>	<u>GRANT</u>
1. UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road		\$18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road		\$6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park		\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

<u>PROJECT</u>	<u>LOCATION</u>	<u>BOND PROCEEDS</u>	<u>ESTIMATED COST</u>
			<u>SBA GRANT</u>
1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-

3.	MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
4.	REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-

TOTALS	\$50,000,000	\$15,565,000
APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	\$50,000,000	
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS		\$15,565,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	\$50,000,000	

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest 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 foregoing projects. The Board may, in its discretion, allocate to and expand for any one or more of the above projects, or for additions, renovations, or improvements to existing school facilities in the District, 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 as follows:

- Upon Class I property, approximately 5.20 cents
- Upon Class II property, approximately 10.40 cents
- Upon Class III property, approximately 20.80 cents
- Upon Class IV property, approximately 20.80 cents

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

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

(H) If the debt and Bond issue submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment," and Section 10, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1951, amending and re-enacting Sections 3 and 4, Article 1, Chapter 13 of the Code of West Virginia, 1931, the levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies; said levies herein provided shall be levied and allocated each year for the purpose of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the District, and the Board does further find that after laying and allocating said special levies for payment of the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

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

**OFFICIAL BALLOT
BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
SPECIAL SCHOOL BOND ELECTION
SATURDAY, OCTOBER 4, 2003**

Shall the Board of Education of the County of Monongalia incur debt and issue Bonds in the amount of \$50,000,000, maturities on such Bonds to run not more than 29 years from the date of such Bonds, with interest not exceeding the rate of 6.50% per annum, payable semi-annually, for the purpose of making the following improvements in Monongalia County School District for the purpose of providing adequate, safe and convenient educational facilities for the School District and levy taxes sufficient to pay the principal of and interest on such Bonds?

NEW SCHOOLS

PROJECT	LOCATION	BOND	ESTIMATED COST	
			SBA PROCEEDS	GRANT
1. UNIVERSITY HIGH SCHOOL Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of the intersection of U.S. Rt. 119 and Baker's Ridge Road		\$18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road		\$6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park		\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

PROJECT	LOCATION	BOND	ESTIMATED COST	
			PROCEEDS	SBA GRANT
1. MASON-DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School		\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School		\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School		\$5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools		\$500,000	\$-0-
TOTALS			\$50,000,000	\$15,585,000

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	\$50,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	\$15,585,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	<u>\$65,585,000</u>

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest during construction of the Project and for 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 or for additions, renovations or improvements to existing school facilities in the District any sum remaining unused upon completion of any other project or projects, or for additions, renovations or improvements to existing school facilities in the District 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

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

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

8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Monongalia County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and, in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on Friday, October 10, 2003, that being the 5th day, Sunday excepted, after such school bond election for such purposes.

9. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Monongalia in accordance with the provisions of West Virginia Code, Chapter 13, Article 1, Section 11 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 special 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 the 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 Dominion Post* and *The Charleston Gazette*, being two qualified newspapers of opposite politics published or of general circulation in the District, the publication dates to be Thursday, September 25 and Thursday, October 2, 2003.

Given under my hand this 14th day of July, 2003.

CERTIFICATE

Certified a true and correct copy of the Order Directing Election, made and entered of record by The Board of Education of the County of Monongalia at a regular meeting thereof duly and properly called and held upon lawful notice to the public and all members thereof on the 14th day of July, 2003, at Morgantown, Monongalia County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such order is in full force and effect.

Given under my hand this 14th day of July, 2003.

By: /s/ Michael J. Vetere, Jr.
 Superintendent and Secretary of The Board
 of Education of the County of Monongalia



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Legal pricing is based upon 63 words per column inch.

Each successive insertion is discounted by 25% of the first insertion rate.

The Daily Mail is at a rate of \$.12 per word, and the Charleston Gazette is at a rate of \$.12 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION		AD NUMBER	AD SIZE TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
			REFERENCE NBR	PURCHASE ORDER #					
09/25	LEGF	GZ	MONONGALIA CO. BRD.		0067214	6X1625			
			067353001			97.50	7.56	737.10	737.10
10/02	LEGR	GZ	MONONGALIA CO. BRD.			6X1625			
			067353002			97.50	7.56	737.10	
			LEGAL DISCOUNT 25%					184.28-	552.82
TOTAL INVOICE AMOUNT									1289.92

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Andrea King of _____

THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:

MONONGALIA CO. BRD. OF E

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 26TH day of SEPTEMBER 2003. Published during the following dates: 09/25/03-10/02/03

Subscribed and sworn to before me this 6 day of October

Printers fee \$ 1289.92

Shank Field

The Charleston Gazette

NOTICE OF SCHOOL BOND ELECTION

A SPECIAL SCHOOL BOND ELECTION WILL BE HELD ON SATURDAY, OCTOBER 4, 2003, IN MONONGALIA COUNTY, WEST VIRGINIA, ON THE MATTERS SET FORTH IN AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA, AS FULLY SET FORTH AS FOLLOWS:

MONONGALIA COUNTY BOARD OF EDUCATION ORDER DIRECTING ELECTION

Bond Election Order

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA DIRECTING THAT A SPECIAL ELECTION BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF MONONGALIA COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE PRINCIPAL AMOUNT OF FIFTY MILLION DOLLARS (\$50,000,000) FOR LAND ACQUISITION, SCHOOL AND OTHER CONSTRUCTION, RENOVATION AND IMPROVEMENTS IN MONONGALIA COUNTY SCHOOL DISTRICT

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

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

1. Insufficient, obsolete and inefficient school buildings and related facilities, in Monongalia County School District (the "District") 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, prepare or improve the sites therefor and construct, improve, expand, renovate, repair, furnish and equip certain 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 the acquisition and construction of such new facilities which this body is now authorized by law to levy, 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 to pay such costs.

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, preparation or improvement of sites, for acquisition, construction and equipping of certain new school and other facilities and/or construction, expansion, improvement, renovation, repair, furnishing and equipping of certain existing school facilities (collectively, the "Project"), to pay interest during construction of the Project and for up to six months thereafter 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 \$65,585,000 must be spent for such purposes, \$50,000,000 of which would be provided from proceeds of the hereinafter described Bonds, and \$15,585,000 of which would be provided from a grant or grants from the School Building Authority of West Virginia (the "SBA") a portion of which (\$3,585,000) has been committed and the remainder of which (\$12,000,000) is expected to be committed in December, 2003, all to the end of providing adequate, safe and convenient school and other 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 hereof for state and county taxation purposes, is \$2,550,659,127, and the valuation of each class of property within the District is as follows:

Class I	\$ 3,250,888
Class II	942,539,985
Class III	1,064,613,532
Class IV	540,254,722
TOTAL	\$ 2,550,659,127

4. There is general obligation bonded indebtedness for school purposes in the District outstanding in the principal amount of \$7,457,108. Other than such general obligation debt, the indebtedness of the District is negligible and can be paid from current levy funds. Accordingly, Bonds in the aggregate amount of \$50,000,000, which together with the principal amount of all bonds outstanding, is 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 \$0,000,000, 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, or for additions, renovations or improvements to existing school facilities in the District, any sum or amounts unused upon completion of any of such facilities, whether any such sum remains unused upon completion by reason of lower than estimated costs for such facility or facilities or for aid in aid upon the cost of such facility or facilities 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 in the event that any part of the bond proceeds should not be needed or completion of the Project, or for additions, renovations or improvements to existing school facilities in the District, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to the date of purchase or the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of all 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.

The Bonds shall not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the SBA to provide a grant or grants to the District for such Project in the amount of not less than \$12,000,000, which, together with the \$3,585,000 previously committed by the SBA, will provide total grant funds to the District of \$15,585,000.

6. The Bonds shall bear interest at a rate or rates not exceeding 6.50% per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate, which might result in lower levy rates needed to pay the Bonds and the interest thereon, and the Bonds shall be payable for a maximum term of 29 years from the date thereof.

7. It is further hereby ordered by the Board of Education of the County of Monongalia 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 Monongalia County School District at a special school election to be held in the District on Saturday, October 4, 2003.

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

Jean Friend
Bader Glessner
Stephen Higgins

(C) The registration of voters and the use of absentee ballot books shall be governed by the pertinent registration laws of the State of West Virginia and the Board hereby adopts the registration lists of the County of Monongalia as the official registration lists of the District for such school bond election.

(D) The purposes of projects for which the proceeds of sale of the Bonds, (\$50,000,000), if authorized by the voters and grants from the School Building Authority of West Virginia (\$15,585,000) are to be expended are as follows:

NEW SCHOOLS

PROJECT	LOCATION	ESTIMATED COST	
		BOND PROCEEDS	SBA GRANT
1. UNIVERSITY HIGH SCHOOL Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000 (not yet committed)
2. WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000 (committed)
3. CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

PROJECT	LOCATION	ESTIMATED COST	
		BOND PROCEEDS	SBA GRANT
1. MASON DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason-Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason-Dixon Elementary School	\$1,300,000	\$-0-
2. CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
3. MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
4. REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-

TOTALS

APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS	\$50,000,000
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS	\$15,585,000
APPROXIMATE TOTAL COST OF ALL PROJECTS	\$65,585,000

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest 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 foregoing projects. The Board may, in its discretion, allocate to and expend for any one or more of the above projects, or for additions, renovations, or improvements to existing school facilities in the District, 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 levy annually upon the assessed valuation of all the taxable property within the District a levy sufficient to provide funds for the payment of all the taxable property within the District 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 as follows:

Upon Class I property, approximately	5.20 cents
Upon Class II property, approximately	10.40 cents
Upon Class III property, approximately	20.80 cents
Upon Class IV property, approximately	20.80 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 Article X of the Constitution, known as the "School Bond Amendment," and Section 13, Article X of the Constitution, known as the "Better Schools Amendment," and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1991, amending and repealing Sections 3 and 4, Article I, Chapter 13 of the Code of West Virginia, 1931, the provisions hereof, provided, will not violate any constitutional or statutory provisions of this State. Therefore, provided, 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 all other purposes shall be laid separate and apart from all other levies made for all other purposes in the District, and the Board does further find that after laying and allocating said special levies for the purpose of paying the principal and interest requirements of said Bonds, there will be, out of the levies authorized by law, moneys which, when added to other income, will be sufficient to carry on the proper requisite functions of the Board and of the District.

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

**OFFICIAL BALLOT
BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
SPECIAL SCHOOL BOND ELECTION
SATURDAY, OCTOBER 4, 2003**

Shall the Board of Education of the County of Monongalia incur debt and issue Bonds in the amount of \$50,000,000, maturities on such Bonds to run not more than 29 years from the date of issue of such Bonds, with interest not exceeding the rate of 6.50% per annum, payable semi-annually, for the purpose of making the following improvements in Monongalia County School District for the purpose of providing adequate, safe and convenient educational facilities for the School District? Shall the Board of Education of the County of Monongalia levy taxes sufficient to pay the principal of and interest on such Bonds?

NEW SCHOOLS

PROJECT	LOCATION	ESTIMATED COST	
		BOND PROCEEDS	SBA GRANT
UNIVERSITY HIGH SCHOOL* Acquisition of site and construction of a new high school to replace existing University High School, to serve approximately 1,500 students	Baker's Ridge Road, approximately one-half mile west of intersection of U.S. Rt. 119 and Baker's Ridge Road	\$18,500,000	\$12,000,000 (not yet committed)
WESTWOOD ELEMENTARY SCHOOL Construction of a new elementary school to serve approximately 500 students	Adjacent to Westwood Middle School, along River Road	\$6,057,500	\$3,585,000 (committed)
CASS ELEMENTARY SCHOOL Acquisition of site and construction of a new elementary school to serve approximately 500 students	At Chaplin Hill, near entrance to Mylan Park	\$9,642,500	\$-0-

IMPROVEMENTS TO EXISTING SCHOOLS

PROJECT	LOCATION	ESTIMATED COST	
		BOND PROCEEDS	SBA GRANT
MASON DIXON ELEMENTARY SCHOOL Construction of additions and renovations to Mason Dixon School, including classroom additions, restrooms, and expansion of cafeteria and interior renovations	Existing Mason Dixon Elementary School	\$1,300,000	\$-0-
CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL Construction of additions and renovations to create a separated middle and high school, including classrooms, a distant learning center, gymnasium, locker rooms, cafeteria, kitchen, auditorium HVAC and fire sprinkler renovations and site improvements.	Existing Clay-Battelle High School	\$9,000,000	\$-0-
MORGANTOWN HIGH SCHOOL Construction of additions and improvements to Morgantown High School, including media center, administrative facilities, HVAC and fire sprinkler renovations.	Existing Morgantown High School	\$5,000,000	\$-0-
REMAINING SCHOOLS Renovation of entrances to comply with Safe Schools Act	Existing Monongalia County Schools	\$500,000	\$-0-

TOTALS		<u>\$50,000,000</u>	<u>\$15,585,000</u>
APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS		<u>\$50,000,000</u>	
APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS			<u>\$15,585,000</u>
APPROXIMATE TOTAL COST OF ALL PROJECTS		<u>\$65,585,000</u>	

* The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

The above amounts include costs of land acquisition, site improvement, construction, erection, renovation, repair, furnishing, equipping and improving of such projects, architectural and engineering fees and costs, interest during construction of the Project and for up to 18 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 or for additions, renovations or improvements to existing school facilities in the District any sum remaining unused upon completion of any other project or projects, or for additions, renovations or improvements to existing school facilities in the District 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

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, place an

8. The Secretary of the Board with the assistance of the Clerk of the County Commission of Monongalia County, which Clerk is hereby designated and appointed as an agent of the Board for this election, is hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other supplies and things necessary for conducting the election as provided by West Virginia Code, Chapter 13, Article 1, Section 11, and perform all duties imposed by law upon Clerks of the Circuit Court and County Commission in relation to general elections insofar as practicable; and in accordance with Section 13, Article 1 of said Chapter 13, the Board shall canvass the election returns, and shall meet on Friday, October 10, 2003, that being the 5th day, Sunday excepted, after such school bond election for such purposes.

9. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the Circuit Court of the County of Monongalia in accordance with the provisions of West Virginia Code, Chapter 13, Article 1, Section 11 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 special 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 the 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 *Dominion Post* and *The Charleston Gazette*, being two qualified newspapers of opposite politics published or of general circulation in the District, the publication dates to be Thursday, September 25 and Thursday, October 2, 2003.

Given under my hand this 14th day of July, 2003.
By: /s/ Nancy A. Walker
President of The Board of Education of the County of Monongalia

CERTIFICATE

Certified a true and correct copy of the Order Directing Election, made and entered of record by The Board of Education of the County of Monongalia at a regular meeting thereof duly and properly called and held upon lawful notice to the public and all members thereof on the 14th day of July, 2003, at Morgantown, Monongalia County, West Virginia, a quorum of said members being present at said meeting and acting throughout the same. Such order is in full force and effect.

Given under my hand this 14th day of July, 2003.
By: /s/ Michael J. Vetere, Jr.
Superintendent & Secretary of The Board of Education of the County of Monongalia

07/11/03
613760/00005

(620748)

IN THE MATTER OF THE BOARD OF EDUCATION OF MONONGALIA COUNTY, STATE OF WEST VIRGINIA \$50,000,000 PUBLIC SCHOOL BONDS, SERIES 2004

ATTORNEY GENERAL'S APPROVAL

At a regular meeting of the Board of Education of the County of Monongalia, State of West Virginia, held on July 14, 2003, an order was entered of record authorizing a vote to be taken of legal voters of the County of Monongalia at a special election to be held on Saturday, October 4, 2003, upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Fifty Million Dollars (\$50,000,000) (the "Bonds"), and levying taxes to pay the interest on and the principal of said Bonds, the proceeds from the sale of such Bonds to be used for the following purposes:

NEW SCHOOLS

Table with columns: PROJECT, LOCATION, BOND PROCEEDS, ESTIMATED COST, SBA GRANT. Row 1: UNIVERSITY HIGH SCHOOL, Baker's Ridge Road, \$18,500,000, \$12,000,000.

Table with columns: PROJECT, LOCATION, BOND PROCEEDS, ESTIMATED COST, SBA GRANT. Rows 2-3: WESTWOOD ELEMENTARY SCHOOL, CASS ELEMENTARY SCHOOL.

IMPROVEMENTS TO EXISTING SCHOOLS

Table with columns: PROJECT, LOCATION, BOND PROCEEDS, ESTIMATED COST, SBA GRANT. Row 1: MASON-DIXON ELEMENTARY SCHOOL.

Table with columns: PROJECT, LOCATION, BOND PROCEEDS, ESTIMATED COST, SBA GRANT. Rows 2-4: CLAY-BATTELLE MIDDLE/SENIOR HIGH SCHOOL, MORGANTOWN HIGH SCHOOL, REMAINING SCHOOLS.

Summary table with columns: APPROXIMATE TOTAL COST TO BE PAID FROM BOND PROCEEDS, APPROXIMATE TOTAL COST TO BE PAID FROM SBA GRANTS, APPROXIMATE TOTAL COST OF ALL PROJECTS.

*The Bonds will not be issued or sold unless the District receives a written commitment (which may be subject to certain conditions) of the School Building Authority of West Virginia to provide a grant or grants to the District for such project in the amount of not less than \$12,000,000.

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

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing Bonds, as provided in said order, Eight Thousand One Hundred Twenty-seven (8,127) votes were cast for and Two Thousand Nine Hundred Seventy-three (2,973) votes were cast against the issuance of said Bonds, so that a majority of the votes were cast for the proposition.

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

/s/ Darrell V. McGram, Jr. Darrell V. McGram, Jr.

Charleston, West Virginia March 18, 2004

PUBLISHER'S CERTIFICATE

VS.

STATE OF WEST VIRGINIA COUNTY OF MONONGALIA

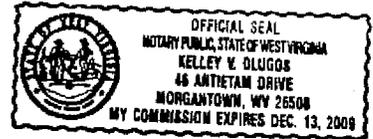
I, James Hatuga, Advertising Manager of THE DOMINION POST, a newspaper of general circulation published in the City of Morgantown, County and State aforesaid, do hereby certify that the annexed Legal Notice

was published in the said DOMINION POST once a week for 2 successive weeks, commencing on the 25th day of March 20, 04 and ending on the 1st day of April 20, 04.

I also certify that the same was duly posted on the 20th day of March 20, 04 at the front door of the Court House of said county, as provided by law.

The publisher's fee for said publication is \$405.51. Given under my hand this 1st day of April 20, 04.

James Hatuga (SEAL) Advertising Manager of THE DOMINION POST. Subscribed and sworn to before me this 1st day of April 20, 04. Kelley S. Douglas, Notary Public of Monongalia County, W. Va. My commission expires on the 13th day of December 2009.



OFFICE OF THE CLERK

STATE CAPITOL - ROOM E-317
1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305
PHONE: (304) 558-2601
FAX: (304) 558-3815
WEB: WWW.STATE.WV.US/WVSCA

CLERK OF COURT
RORY L. PERRY II

DEPUTY CLERK
EDYTHE A. NASH

April 20, 2004

Dawn E. Warfield, Esq.
Deputy Attorney General
Attorney General's Office
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305



Re: *Monongalia County Board of Education*
\$50,000 000 Public School Bonds, Series 2004

Dear Ms. Warfield:

As of this date, no person or taxpayer, within ten days from and after the date of last publication of notice (April 1, 2004) in the above-referenced bond issue of March 18, 2004, has presented a petition to the Supreme Court of Appeals, or to a judge thereof in vacation, praying that the action of the Attorney General, which approved the subject issue pursuant to West Virginia Code §13-1-25, be reversed or modified as provided in West Virginia Code §13-1-26.

If there are any other questions regarding this matter, please give me a call.

Sincerely,

A handwritten signature in black ink that reads "Rory L. Perry II". The signature is written in a cursive, flowing style.

Rory L. Perry II
Clerk



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

April 16, 2004

The Honorable Rory L. Perry, Clerk
West Virginia Supreme Court of Appeals
State Capitol, Room E-317
Charleston, West Virginia 25305

Re: Monongalia County Board of Education
\$50,000,000 Public School Bonds, Series 2004

Dear Mr. Perry:

On March 18, 2004, as Attorney General of the State of West Virginia, I approved the above-referenced bond issue as provided for by West Virginia Code § 13-1-25. As evidenced by the enclosed copy of the Affidavit of Publication, notice of my approval was published in *The Dominion Post*, as required by law, with the last publication date being April 1, 2004.

Please advise me as to whether any person or taxpayer within ten days from and after the date of the last publication of the above-referenced notices presented any petition to the Supreme Court of Appeals or to a Judge thereof in vacation, praying that the action of the Attorney General be reversed or modified as provided in West Virginia Code § 13-1-26.

Very truly yours,

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By: 
DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/tl
Enclosure

30B

PUBLISHER'S CERTIFICATE

VS.

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I ...James Matuga..... Advertising Manager of THE
DOMINION POST, a newspaper of general
circulation published in the City of Morgantown,
County and State aforesaid, do hereby certify that
the annexed

Legal Notice

was published in the said DOMINION POST once a week
for ...2..... successive weeks commencing on the
...27.... day of ...April..., 20.04..... and ending on the
...4.... day of May....., 20.04.....

The publisher's fee for said publication is \$...870.87...
Given under my hand this.....12.....day of.....May.....,
20.....04.....



(SEAL)

Advertising Manager of THE DOMINION POST

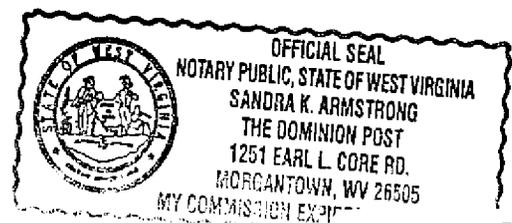
Subscribed and sworn to before me this12.....
day ofMay....., 20.....04.....



Notary Public of Monongalia County, W.Va.

My commission expires on the23..... day ofNov.....,
20.....04.....

MAY 28 2004



OFFICIAL NOTICE OF SALE

\$50,000,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONONGALIA (WEST VIRGINIA)
PUBLIC SCHOOL BONDS, SERIES 2004

Sealed proposals will be received on behalf of The Board of Education of the County of Monongalia (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Prevaling Time on May 12, 2004, at which place and time they will be publicly opened and announced for the purchase of all, but not less than all, of the \$50,000,000 Public School Bonds, Series 2004 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Notice through Daicomp will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on May 1 in the years and in the amounts as follows:

Maturing (May 1)	Principal Amount (\$)
2006	905,000
2007	945,000
2008	980,000
2009	1,035,000
2010	1,085,000
2011	1,135,000
2012	1,190,000
2013	1,245,000
2014	1,300,000
2015	1,360,000
2016	1,425,000
2017	1,490,000
2018	1,560,000
2019	1,635,000
2020	1,710,000
2021	1,790,000
2022	1,870,000
2023	1,960,000
2024	2,050,000
2025	2,145,000
2026	2,245,000
2027	2,350,000
2028	2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033	3,085,000

The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

Bidders have the option of specifying that the principal amount of the Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in this Official Notice of Sale.

Consecutive maturities combined by bidders to form term bonds shall be subject to mandatory sinking fund redemption in part on each May 1, commencing with the first year of the consecutive maturities so combined, at the principal amount set forth in the maturity schedule on the cover page of the Preliminary Official Statement and in this Official Notice of Sale, plus accrued interest to the date fixed for redemption.

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monongalia County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds when due.

The Bonds will be dated May 1, 2004, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

Pursuant to Chapter 15, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for payment of the Bonds and United Bank, Inc., Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from May 1, 2004, and will be payable November 1, 2004, and semi-annually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be accompanied by a certified check for \$5,000, payable to the order of the Board, which shall be held in escrow by the Board as a condition of the sale.

would cause interest on the Bonds to be includable in the gross income of the owners thereof for individual income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder thereof the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If required and furnished to the Board in writing by the successful bidder at or before the close of business the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rate on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to three copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder; (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify that the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereon at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the option and expense of the bidder and any increased costs of issuance of the Bonds resulting therefrom shall be paid by the bidder, unless otherwise paid, shall be paid by such bidder. Any failure of the bidder to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the bidder of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the use nor the printing of such numbers on any Bonds nor any error with respect thereto shall constitute cause for the use or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Dr. Michael Vetter, Monongalia County Board of Education, 13 South High Street, Morgantown, WV 26501 (Phone: 304-291-9210) or from Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (Telephone 304-445-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA

By: /s/ Michael Vetter
Secretary, The Board of Education of the County of Monongalia

DATE: April 27, 2004



Bond Buyer Advertising Invoice

Customer: **AD59191005**

Issue Date: **April 27, 2004**

Invoice: **164432001**

Please Remit To: **Thomson Media
PO Box 71633
Chicago IL 60694-1633**

Bill To: **Bd Ed County of Monongalia
Dr. Michael Vetere
13 South High Street

Morgantown, WV 26501-**

Ship To:

Description	Price
Bond Buyer BD ED COUNTY MONONGALIA \$50,000,000	\$1,914.00

Ad Size: 2 x 8.25"

Ad Type: Legal Advertising

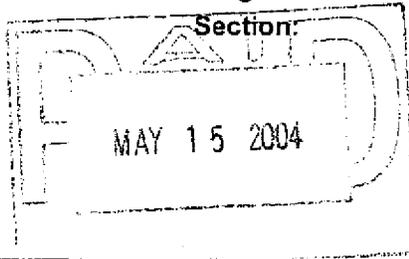
Ad Number: MON427

PO Number:

Ad Color: Black And White

Page #:

Section:



Amount Enclosed:

[Empty box for amount enclosed]

Invoice: **164432001**

Sub Total	\$1,914.00
Balance Due	\$1,914.00

Terms: Net 30

- Check Enclosed
- Bill My Credit Card
- Visa MasterCard American Express Discover

Account Number _____

CVV2 _____ Expiration Date ____/____/____

CVV2 are the last 3 digits printed over the signature space on the back of your card. American Express cards show the 4-digit CVV2 printed above and to the right of the imprinted card number on the front of the card.

Required for Credit Card Payment:

Name on Card _____

Street _____

City State Zip _____

Phone _____

BILLING INFORMATION

Invoices will reflect charges for a specific time period determined by your pay plan

Statements will reflect detailed current activity and a summary of outstanding charges

Credit & Collection (888) 871 8280

Tax ID **82-0573550**

Account **Thomson Media
Harris Bank Chicago IL**

Account # **169741-6**

ABA **071000288**

Thomson Media is a subsidiary of The Thomson Corporation.

Please Remit To: **Thomson Media
PO Box 71633
Chicago IL 60694-1633**

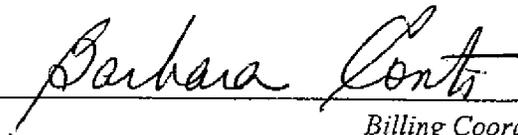


* 0 1 6 4 4 3 2 0 0 1 0 0 0 0 1 9 1 4 0 0 *

**Copy
of
Advertisement**

City and County of New York, ss.:-

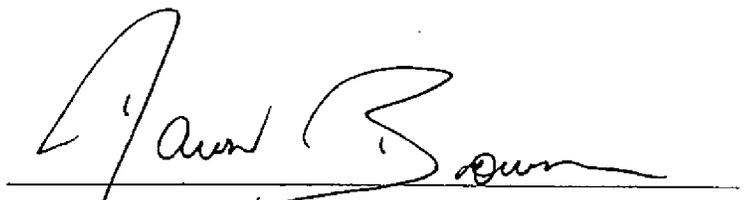
Barbara Conti, being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on April 27, 2004



Billing Coordinator

Subscribed and sworn to before me this

27th day of April 2004



Dawn Brown
Notary Public, State of New York
No. 01BR5021063
Qualified in Kings County
Commission Expires December 6, 2005

SUMMARY NOTICE OF BOND SALE**\$50,000,000****The Board of Education of the County of Monongalia
(West Virginia)****Public School Bonds, Series 2004**

SEALED BIDS will be received on behalf of The Board of Education of the County of Monongalia (West Virginia) (the "Board") until 12:00 NOON (Prevailing Time) on Wednesday,

May 12, 2004

At the offices of Ferris, Baker Watts, Incorporated, 170 Ludley Tower, Charleston, West Virginia, 25301, for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of \$50,000,000, The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, provided, however, that the Board may change the date of sale to respond to market conditions. Dalcamp notice will be given at least 24 hours prior to any change in the sale date. The Bonds are payable on

May 1 in each year as follows:

Year	Principal Amount	Year	Principal Amount
2006	905,000	2020	1,710,000
2007	945,000	2021	1,790,000
2008	990,000	2022	1,870,000
2009	1,035,000	2023	1,960,000
2010	1,085,000	2024	2,050,000
2011	1,135,000	2025	2,145,000
2012	1,190,000	2026	2,245,000
2013	1,245,000	2027	2,350,000
2014	1,300,000	2028	2,460,000
2015	1,360,000	2029	2,575,000
2016	1,425,000	2030	2,690,000
2017	1,490,000	2031	2,820,000
2018	1,560,000	2032	2,950,000
2019	1,635,000	2033	3,085,000

The Bonds maturing on or after May 1, 2015 are subject to redemption on or after May 1, 2014, at the option of the Board. The Bonds will be general obligations.



Bond Buyer Advertising Invoice

Customer: **AD59191005**
Issue Date: **May 04, 2004**
Invoice: **165386001**

Please Remit To: **Thomson Media**
PO Box 71633
Chicago IL 60694-1633

Bill To: **Bd Ed County of Monongalia**
Dr. Michael Vetere
13 South High Street

Morgantown, WV 26501-

Ship To:

Description	Price
Bond Buyer BD ED COUNTY MONONGALIA \$50,000,000	\$957.00

Ad Size: 2 x 8.25"
Ad Type: Legal Advertising **Ad Color:** Black And White
Ad Number: MON427 **Page #:**
PO Number: **Section:**

Amount Enclosed:

[Redacted]

Invoice: **165386001**

- Check Enclosed
- Bill My Credit Card
- Visa MasterCard American Express Discover

Account Number _____
CVV2 _____ Expiration Date _____

CVV2 are the last 3 digits printed over the signature space on the back of your card. American Express cards show the 4-digit CVV2 printed above and to the right of the imprinted card number on the front of the card.

Required for Credit Card Payment:

Name on Card _____
Street _____
City State Zip _____
Phone _____

Sub Total	\$957.00
Balance Due	\$957.00

Terms: **Net 30**

BILLING INFORMATION

Invoices will reflect charges for a specific time period determined by your pay plan
Statements will reflect detailed current activity and a summary of outstanding charges
Credit & Collection (888) 871 8280
Tax ID **82-0573550**
Account **Thomson Media**
Harris Bank Chicago IL
Account # **169741-6**
ABA **071000288**

Thomson Media is a subsidiary of The Thomson Corporation.

Please Remit To: **Thomson Media**
PO Box 71633
Chicago IL 60694-1633



* 0 1 6 5 3 8 6 0 0 1 0 0 0 0 0 9 5 7 0 0 *

**Copy
of
Advertisement**

City and County of New York, ss.:-

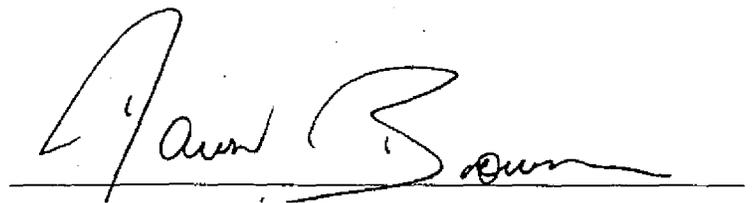
Barbara Conti, being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on May 4, 2004



Billing Coordinator

Subscribed and sworn to before me this

4th day of May 2004



Dawn Brown
Notary Public, State of New York
No. 01BR5021063
Qualified in Kings County
Commission Expires December 6, 2005

SUMMARY NOTICE OF BOND SALE

\$50,000,000

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

Public School Bonds, Series 2004

SEALED BIDS will be received on behalf of The Board of Education of the County of Monongalia (West Virginia) (the "Board") until 12:00 NOON (Prevailing Time) on Wednesday,

May 12, 2004

At the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia, 25301, for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of \$50,000,000, The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, provided, however, that the Board may change the date of sale to respond to market conditions. Dalcomp notice will be given at least 24 hours prior to any change in the sale date. The Bonds are payable on

May 1 in each year as follows:

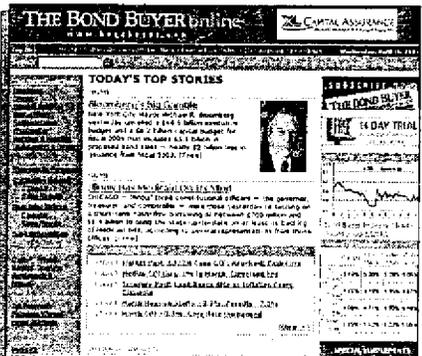
Year	Principal Amount	Year	Principal Amount
2006	905,000	2020	1,710,000
2007	945,000	2021	1,790,000
2008	990,000	2022	1,870,000
2009	1,035,000	2023	1,960,000
2010	1,085,000	2024	2,050,000
2011	1,135,000	2025	2,145,000
2012	1,190,000	2026	2,245,000
2013	1,245,000	2027	2,350,000
2014	1,300,000	2028	2,460,000
2015	1,360,000	2029	2,575,000
2016	1,425,000	2030	2,690,000
2017	1,490,000	2031	2,820,000
2018	1,560,000	2032	2,950,000
2019	1,635,000	2033	3,085,000

The Bonds maturing on or after May 1, 2015 are subject to redemption on or after May 1, 2014, at the option of the Board. The Bonds will be general obligations of the Board and the full faith and credit of the Board will be pledged for payment of the principal of and interest thereon. The approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, will be furnished to the successful bidder at the expense of the Board. The Bonds will be issued in fully registered form in denominations of \$5,000 and multiples of \$5,000 and will be available in book-entry form only with The Depository Trust Company acting as securities depository.

A complete copy of the Official Notice of Sale and Official Form of Proposal is contained in the Preliminary Official Statement and may be obtained from the Board's Financial Advisor, Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301, telephone (304) 345-3421.

By Order of The Board of Education of the County of Monongalia (West Virginia)

April 27, 2004



Of course The Bond Buyer Online enables users to access municipal marketplace news and information anytime of the day or night, but it also enables users to –

- Download market statistics and manipulate the way they are displayed to fit their requirements and needs.
- Connect with municipal associations and organizations

OFFICIAL NOTICE OF SALE

\$50,000,000
 THE BOARD OF EDUCATION
 OF THE
 COUNTY OF MONONGALIA (WEST VIRGINIA)
 PUBLIC SCHOOL BONDS, SERIES 2004

Sealed proposals will be received on behalf of The Board of Education of the County of Monongalia (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Prevailing Time on May 12, 2004, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the \$50,000,000 Public School Bonds, Series 2004 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Notice through Dalcomp will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on May 1 in the years and in the amounts as follows:

Maturing (May 1)	Principal Amount (\$)
2006	905,000
2007	945,000
2008	990,000
2009	1,035,000
2010	1,085,000
2011	1,135,000
2012	1,190,000
2013	1,245,000
2014	1,300,000
2015	1,360,000
2016	1,425,000
2017	1,490,000
2018	1,560,000
2019	1,635,000
2020	1,710,000
2021	1,790,000
2022	1,870,000
2023	1,960,000
2024	2,050,000
2025	2,145,000
2026	2,245,000
2027	2,350,000
2028	2,460,000
2029	2,575,000
2030	2,690,000
2031	2,820,000
2032	2,950,000
2033	3,085,000

The Bonds maturing on or after May 1, 2015, are subject to redemption on or after May 1, 2014, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Optional Redemption Period (both dates inclusive)	Redemption Price
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

Bidders have the option of specifying that the principal amount of the Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in this Official Notice of Sale.

Consecutive maturities combined by bidders to form term bonds shall be subject to mandatory sinking fund redemption in part on each May 1, commencing with the first year of the consecutive maturities so combined, at the principal amount set forth in the maturity schedule on the cover page of the Preliminary Official Statement and in this Official Notice of Sale, plus accrued interest to the date fixed for redemption.

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monongalia County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds when due.

The Bonds will be dated May 1, 2004, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

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

Interest on the Bonds will accrue from May 1, 2004, and will be payable November 1, 2004, and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Dr. Michael Vetere, Superintendent of Schools of the County of Monongalia, delivered to the address shown in the first paragraph in this Notice of Sale, and marked on the outside in substance "Proposal for Bonds". Each proposal must state the amount bid for the Bonds (not less than \$50,000,000 or greater than 106% of the par value of the Bonds) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must **not** state:

- (a) any interest rate which is in excess of 6.5% per annum;
- (b) more than one interest rate for any Bonds having like maturity;
- (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than three percent (3%).

In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds (\$1,000,000), payable to the order of The Board of Education of Monongalia County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as partial payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

As an alternative to delivering a good faith check as described above, a bidder may enclose with its bid a financial surety bond in the amount of \$1,000,000 issued by an insurance company, the claims paying ability of which is rated AAA by Standard and Poor's Rating Group and is licensed to issue such a bond in the State of West Virginia, naming the Board as beneficiary (a "Surety Bond"). The Surety Bond will identify the bidder whose deposit is guaranteed by the Surety Bond. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the Board \$1,000,000 in immediately available funds not later than 12:00 noon (Prevailing Time) on the next business date succeeding the date of award of the Bonds. In the event that the Board has not received such federal funds wire by the time stated, the Board may draw upon the Surety Bond to satisfy the successful bidder's deposit requirement.

Unless it rejects all proposals for the Bonds (which right is hereby retained), the Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Bonds at the lowest cost, and the right to purchase the Bonds will be awarded to such successful bidder. Such cost under each proposal will be determined by computing the total amount of interest payable on the Bonds, at the rates stated in such proposal, from May 1, 2004, until their respective maturities and deducting therefrom the sum (if any) by which the amount bid for the bonds in such proposal exceeds the principal amount of the Bonds. If there be more than one such proposal making such offer at the same lowest cost, the Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest cost.

The Bonds will be delivered upon payment of the balance of the purchase price, including accrued interest, in Federal Funds payable to the order of "The Board of Education of the County of Monongalia, West Virginia". The Bonds will be delivered on or about May 26, 2004, at such place in the City of New York, New York and on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes and that the Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monongalia County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies

with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial

amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Dr. Michael Vetere, Monongalia County Board of Education, 13 South High Street, Morgantown, WV 26501 (Phone: 304/291-9210) or from Ferris, Baker Watts, Incorporated, 100 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA

By: /s/ Michael Vetere
Secretary, The Board of Education of the County of Monongalia

DATE: April 27, 2004

OFFICIAL FORM OF PROPOSAL

Date : _____, 2004

Dr. Michael Vetere, Superintendent
 The Board of Education of the County of Monongalia, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ _____ not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2006	905,000	_____	_____	2015	1,360,000	_____	_____	2024	2,050,000	_____	_____
2007	945,000	_____	_____	2016	1,425,000	_____	_____	2025	2,145,000	_____	_____
2008	990,000	_____	_____	2017	1,490,000	_____	_____	2026	2,245,000	_____	_____
2009	1,035,000	_____	_____	2018	1,560,000	_____	_____	2027	2,350,000	_____	_____
2010	1,085,000	_____	_____	2019	1,635,000	_____	_____	2028	2,460,000	_____	_____
2011	1,135,000	_____	_____	2020	1,710,000	_____	_____	2029	2,575,000	_____	_____
2012	1,190,000	_____	_____	2021	1,790,000	_____	_____	2030	2,690,000	_____	_____
2013	1,245,000	_____	_____	2022	1,870,000	_____	_____	2031	2,820,000	_____	_____
2014	1,300,000	_____	_____	2023	1,960,000	_____	_____	2032	2,950,000	_____	_____
								2033	3,085,000	_____	_____

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: _____

By: _____ Telephone: _____

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	- \$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	_____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

\$50,000,000
Monongalia County Board of Education (West Virginia)
Public School Bonds, Series 2004

S. 0349

Bid Results

BID	Verified NIC	NIC Submitted	Qualified Bid?
Merrill Lynch & Company	5.0192%	same	Yes
Goldman, Sachs & Co.	5.0349%	did not supply	Yes
UBS Financial Services	5.0350%	same	Yes
Dain Rauscher Corporation	5.0549%	5.0426%	Yes
First Albany Capital	Late Bid		No

The winner is: Merrill Lynch & Company

Premium (to Issuer): \$10,606.25
Dated Date: 5/1/2004
Delivery Date: 5/26/2004
First Coupon Date: 11/01/2004

Maturity	Coupon
5/1/2006	6.00%
5/1/2007	6.00%
5/1/2008	6.00%
5/1/2009	6.00%
5/1/2010	6.00%
5/1/2011	6.00%
5/1/2012	4.00%
5/1/2013	5.00%
5/1/2014	5.00%
5/1/2015	5.00%
5/1/2016	5.00%
5/1/2017	5.00%
5/1/2018	5.00%
5/1/2019	5.00%
5/1/2020	5.00%
5/1/2021	5.00%
5/1/2022	5.00%
5/1/2023	5.00%
5/1/2024	5.00%
5/1/2025	5.00%
5/1/2026	5.00%
5/1/2027	5.00%
5/1/2028	5.00%
5/1/2029	5.00%
5/1/2030	5.00%
5/1/2031	5.00%
5/1/2032	5.00%
5/1/2033	5.00%

\$50,000,000
Monongalia County Board of Education (West Virginia)
Public School Bonds, Series 2004

Comparison of Final Bid Results and Bond Election Debt Service

Maturity	Final Bid Results			Bond Election			Difference
	Principal	Interest	Total	Principal	Interest	Total	
5/1/2005		2,549,050.00	2,549,050.00		3,250,000.00	3,250,000.00	700,950.00
5/1/2006	905,000	2,549,050.00	3,454,050.00	675,000	3,250,000.00	3,925,000.00	470,950.00
5/1/2007	945,000	2,494,750.00	3,439,750.00	715,000	3,206,125.00	3,921,125.00	481,375.00
5/1/2008	990,000	2,438,050.00	3,428,050.00	765,000	3,159,650.00	3,924,650.00	496,600.00
5/1/2009	1,035,000	2,378,650.00	3,413,650.00	810,000	3,109,925.00	3,919,925.00	506,275.00
5/1/2010	1,085,000	2,316,550.00	3,401,550.00	865,000	3,057,275.00	3,922,275.00	520,725.00
5/1/2011	1,135,000	2,251,450.00	3,386,450.00	920,000	3,001,050.00	3,921,050.00	534,600.00
5/1/2012	1,190,000	2,183,350.00	3,373,350.00	980,000	2,941,250.00	3,921,250.00	547,900.00
5/1/2013	1,245,000	2,135,750.00	3,380,750.00	1,045,000	2,877,550.00	3,922,550.00	541,800.00
5/1/2014	1,300,000	2,073,500.00	3,373,500.00	1,115,000	2,809,625.00	3,924,625.00	551,125.00
5/1/2015	1,360,000	2,008,500.00	3,368,500.00	1,185,000	2,737,150.00	3,922,150.00	553,650.00
5/1/2016	1,425,000	1,940,500.00	3,365,500.00	1,265,000	2,660,125.00	3,925,125.00	559,625.00
5/1/2017	1,490,000	1,869,250.00	3,359,250.00	1,345,000	2,577,900.00	3,922,900.00	563,650.00
5/1/2018	1,560,000	1,794,750.00	3,354,750.00	1,430,000	2,490,475.00	3,920,475.00	565,725.00
5/1/2019	1,635,000	1,716,750.00	3,351,750.00	1,525,000	2,397,525.00	3,922,525.00	570,775.00
5/1/2020	1,710,000	1,635,000.00	3,345,000.00	1,625,000	2,298,400.00	3,923,400.00	578,400.00
5/1/2021	1,790,000	1,549,500.00	3,339,500.00	1,730,000	2,192,775.00	3,922,775.00	583,275.00
5/1/2022	1,870,000	1,460,000.00	3,330,000.00	1,840,000	2,080,325.00	3,920,325.00	590,325.00
5/1/2023	1,960,000	1,366,500.00	3,326,500.00	1,960,000	1,960,725.00	3,920,725.00	594,225.00
5/1/2024	2,050,000	1,268,500.00	3,318,500.00	2,090,000	1,833,325.00	3,923,325.00	604,825.00
5/1/2025	2,145,000	1,166,000.00	3,311,000.00	2,225,000	1,697,475.00	3,922,475.00	611,475.00
5/1/2026	2,245,000	1,058,750.00	3,303,750.00	2,370,000	1,552,850.00	3,922,850.00	619,100.00
5/1/2027	2,350,000	946,500.00	3,296,500.00	2,525,000	1,398,800.00	3,923,800.00	627,300.00
5/1/2028	2,460,000	829,000.00	3,289,000.00	2,690,000	1,234,675.00	3,924,675.00	635,675.00
5/1/2029	2,575,000	706,000.00	3,281,000.00	2,865,000	1,059,825.00	3,924,825.00	643,825.00
5/1/2030	2,690,000	577,250.00	3,267,250.00	3,050,000	873,600.00	3,923,600.00	656,350.00
5/1/2031	2,820,000	442,750.00	3,262,750.00	3,245,000	675,350.00	3,920,350.00	657,600.00
5/1/2032	2,950,000	301,750.00	3,251,750.00	3,460,000	464,425.00	3,924,425.00	672,675.00
5/1/2033	3,085,000	154,250.00	3,239,250.00	3,685,000	239,525.00	3,924,525.00	685,275.00
Total	\$50,000,000	\$46,161,650	\$96,161,650	\$50,000,000	\$63,087,700.00	\$113,087,700.00	\$16,926,050.00

\$50,000,000

The Board of Education of The County of Monongalia (West Virginia)
Public School Bonds, Series 2004

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
05/01/2005	-	-	2,549,050.00	2,549,050.00
05/01/2006	905,000.00	6.000%	2,549,050.00	3,454,050.00
05/01/2007	945,000.00	6.000%	2,494,750.00	3,439,750.00
05/01/2008	990,000.00	6.000%	2,438,050.00	3,428,050.00
05/01/2009	1,035,000.00	6.000%	2,378,650.00	3,413,650.00
05/01/2010	1,085,000.00	6.000%	2,316,550.00	3,401,550.00
05/01/2011	1,135,000.00	6.000%	2,251,450.00	3,386,450.00
05/01/2012	1,190,000.00	4.000%	2,183,350.00	3,373,350.00
05/01/2013	1,245,000.00	5.000%	2,135,750.00	3,380,750.00
05/01/2014	1,300,000.00	5.000%	2,073,500.00	3,373,500.00
05/01/2015	1,360,000.00	5.000%	2,008,500.00	3,368,500.00
05/01/2016	1,425,000.00	5.000%	1,940,500.00	3,365,500.00
05/01/2017	1,490,000.00	5.000%	1,869,250.00	3,359,250.00
05/01/2018	1,560,000.00	5.000%	1,794,750.00	3,354,750.00
05/01/2019	1,635,000.00	5.000%	1,716,750.00	3,351,750.00
05/01/2020	1,710,000.00	5.000%	1,635,000.00	3,345,000.00
05/01/2021	1,790,000.00	5.000%	1,549,500.00	3,339,500.00
05/01/2022	1,870,000.00	5.000%	1,460,000.00	3,330,000.00
05/01/2023	1,960,000.00	5.000%	1,366,500.00	3,326,500.00
05/01/2024	2,050,000.00	5.000%	1,268,500.00	3,318,500.00
05/01/2025	2,145,000.00	5.000%	1,166,000.00	3,311,000.00
05/01/2026	2,245,000.00	5.000%	1,058,750.00	3,303,750.00
05/01/2027	2,350,000.00	5.000%	946,500.00	3,296,500.00
05/01/2028	2,460,000.00	5.000%	829,000.00	3,289,000.00
05/01/2029	2,575,000.00	5.000%	706,000.00	3,281,000.00
05/01/2030	2,690,000.00	5.000%	577,250.00	3,267,250.00
05/01/2031	2,820,000.00	5.000%	442,750.00	3,262,750.00
05/01/2032	2,950,000.00	5.000%	301,750.00	3,251,750.00
05/01/2033	3,085,000.00	5.000%	154,250.00	3,239,250.00
Total	\$50,000,000.00	-	\$46,161,650.00	\$96,161,650.00

Yield Statistics

Accrued Interest from 05/01/2004 to 05/26/2004	177,017.36
Bond Year Dollars	\$919,490.00
Average Life	18.390 Years
Average Coupon	5.0203537%
Net Interest Cost (NIC)	5.0192002%
True Interest Cost (TIC)	5.0271919%
Bond Yield for Arbitrage Purposes	5.0290831%
All Inclusive Cost (AIC)	5.0271919%

IRS Form 8038

Net Interest Cost	5.0200590%
Weighted Average Maturity	18.320 Years

\$50,000,000The Board of Education of The County of Monongalia (West Virginia)
Public School Bonds, Series 2004**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
11/01/2004	-	-	1,274,525.00	1,274,525.00
05/01/2005	-	-	1,274,525.00	1,274,525.00
11/01/2005	-	-	1,274,525.00	1,274,525.00
05/01/2006	905,000.00	6.000%	1,274,525.00	2,179,525.00
11/01/2006	-	-	1,247,375.00	1,247,375.00
05/01/2007	945,000.00	6.000%	1,247,375.00	2,192,375.00
11/01/2007	-	-	1,219,025.00	1,219,025.00
05/01/2008	990,000.00	6.000%	1,219,025.00	2,209,025.00
11/01/2008	-	-	1,189,325.00	1,189,325.00
05/01/2009	1,035,000.00	6.000%	1,189,325.00	2,224,325.00
11/01/2009	-	-	1,158,275.00	1,158,275.00
05/01/2010	1,085,000.00	6.000%	1,158,275.00	2,243,275.00
11/01/2010	-	-	1,125,725.00	1,125,725.00
05/01/2011	1,135,000.00	6.000%	1,125,725.00	2,260,725.00
11/01/2011	-	-	1,091,675.00	1,091,675.00
05/01/2012	1,190,000.00	4.000%	1,091,675.00	2,281,675.00
11/01/2012	-	-	1,067,875.00	1,067,875.00
05/01/2013	1,245,000.00	5.000%	1,067,875.00	2,312,875.00
11/01/2013	-	-	1,036,750.00	1,036,750.00
05/01/2014	1,300,000.00	5.000%	1,036,750.00	2,336,750.00
11/01/2014	-	-	1,004,250.00	1,004,250.00
05/01/2015	1,360,000.00	5.000%	1,004,250.00	2,364,250.00
11/01/2015	-	-	970,250.00	970,250.00
05/01/2016	1,425,000.00	5.000%	970,250.00	2,395,250.00
11/01/2016	-	-	934,625.00	934,625.00
05/01/2017	1,490,000.00	5.000%	934,625.00	2,424,625.00
11/01/2017	-	-	897,375.00	897,375.00
05/01/2018	1,560,000.00	5.000%	897,375.00	2,457,375.00
11/01/2018	-	-	858,375.00	858,375.00
05/01/2019	1,635,000.00	5.000%	858,375.00	2,493,375.00
11/01/2019	-	-	817,500.00	817,500.00
05/01/2020	1,710,000.00	5.000%	817,500.00	2,527,500.00
11/01/2020	-	-	774,750.00	774,750.00
05/01/2021	1,790,000.00	5.000%	774,750.00	2,564,750.00
11/01/2021	-	-	730,000.00	730,000.00
05/01/2022	1,870,000.00	5.000%	730,000.00	2,600,000.00
11/01/2022	-	-	683,250.00	683,250.00
05/01/2023	1,960,000.00	5.000%	683,250.00	2,643,250.00
11/01/2023	-	-	634,250.00	634,250.00
05/01/2024	2,050,000.00	5.000%	634,250.00	2,684,250.00
11/01/2024	-	-	583,000.00	583,000.00
05/01/2025	2,145,000.00	5.000%	583,000.00	2,728,000.00
11/01/2025	-	-	529,375.00	529,375.00
05/01/2026	2,245,000.00	5.000%	529,375.00	2,774,375.00

\$50,000,000

The Board of Education of The County of Monongalia (West Virginia)
Public School Bonds, Series 2004

Debt Service Schedule**Part 2 of 2**

Date	Principal	Coupon	Interest	Total P+I
11/01/2026	-	-	473,250.00	473,250.00
05/01/2027	2,350,000.00	5.000%	473,250.00	2,823,250.00
11/01/2027	-	-	414,500.00	414,500.00
05/01/2028	2,460,000.00	5.000%	414,500.00	2,874,500.00
11/01/2028	-	-	353,000.00	353,000.00
05/01/2029	2,575,000.00	5.000%	353,000.00	2,928,000.00
11/01/2029	-	-	288,625.00	288,625.00
05/01/2030	2,690,000.00	5.000%	288,625.00	2,978,625.00
11/01/2030	-	-	221,375.00	221,375.00
05/01/2031	2,820,000.00	5.000%	221,375.00	3,041,375.00
11/01/2031	-	-	150,875.00	150,875.00
05/01/2032	2,950,000.00	5.000%	150,875.00	3,100,875.00
11/01/2032	-	-	77,125.00	77,125.00
05/01/2033	3,085,000.00	5.000%	77,125.00	3,162,125.00
Total	\$50,000,000.00	-	\$46,161,650.00	\$96,161,650.00

Yield Statistics

Accrued Interest from 05/01/2004 to 05/26/2004	177,017.36
Bond Year Dollars	\$919,490.00
Average Life	18.390 Years
Average Coupon	5.0203537%
Net Interest Cost (NIC)	5.0192002%
True Interest Cost (TIC)	5.0271919%
Bond Yield for Arbitrage Purposes	5.0290831%
All Inclusive Cost (AIC)	5.0271919%

IRS Form 8038

Net Interest Cost	5.0200590%
Weighted Average Maturity	18.320 Years



Attachment I - Authorized Principals List

DELIVER IMMEDIATELY TO:

Ferris, Baker Watts, Inc.
100 Laidley Tower
Charleston, WV 25301

Marie L. Prezioso
Phone : (304) 345-3421 FAX : (304) 345-5722

For : Bond 104-1020
The BoE of the Co. of Monongalia, WV

Effective Date: 5/12/2004

Expiration Date: 5/17/2004

\$50,000,000 Public School Bonds, Series 2004
Due: 2006 - 2033

Good Faith Deposit Amount \$1,000,000

Premium Per Bidder \$350

Date of Sale: 05/12/2004 12:00 pm Eastern

FINAL

The following are the Authorized Principals for the above captioned Issue :

Authorized Principals	Account #	Par Requested	Requested on
Morgan Stanley & Co. Incorporated	131-32(NY)	\$50,000,000	05-12-2004
Sterne, Agee & Leach, Inc.	200-01(AL)	\$50,000,000	05-12-2004
Bank of America Securities LLC	260-33(NC)	\$50,000,000	05-10-2004
First Albany Capital Inc.	213-32(NY)	\$50,000,000	05-10-2004
UBS Financial Services	130-32(NY)	\$50,000,000	05-10-2004
Wachovia Bank, National Association	229-33(NC)	\$50,000,000	05-07-2004
Goldman, Sachs & Co.	136-32(NY)	\$50,000,000	05-07-2004
Merrill Lynch & Company	103-32(NY)	\$50,000,000	05-07-2004
Dain Rauscher Corporation	114-13(IL)	\$50,000,000	05-07-2004

TOTAL P.01

OFFICIAL FORM OF PROPOSAL

Date _____, 2004

Dr. Michael Veters, Superintendent
The Board of Education of the County of Monongalia, West Virginia
c/o Ferris Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$10,606.25 not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/Term
2006	905,000	5.50	S	2015	1,360,000	5.00	M	2024	2,050,000	5.50	S
2007	945,000	5.50	S	2016	1,425,000	5.00	M	2025	2,145,000	5.50	S
2008	990,000	5.50	S	2017	1,490,000	5.00	M	2026	2,245,000	5.50	S
2009	1,035,000	5.50	S	2018	1,560,000	5.00	M	2027	2,350,000	5.50	S
2010	1,085,000	5.50	S	2019	1,635,000	5.00	M	2028	2,460,000	5.50	S
2011	1,135,000	5.50	S	2020	1,710,000	5.00	M	2029	2,575,000	5.50	S
2012	1,190,000	5.50	S	2021	1,790,000	5.00	M	2030	2,690,000	5.50	S
2013	1,245,000	5.50	S	2022	1,870,000	5.00	M	2031	2,820,000	5.50	S
2014	1,300,000	5.50	S	2023	1,960,000	5.00	M	2032	2,950,000	5.50	S
								2033	3,085,000	5.50	T

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: Michael Lynch
By: [Signature] Telephone: 212-4617-5098
(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004
By _____ The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:
Gross Interest Cost (Computed in accordance with the Official Notice of Sale) \$ _____
Less Premium - \$ _____
Net Interest Cost \$ _____
Rate of Net Interest Cost 5.092 %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

OFFICIAL FORM OF PROPOSAL

Date: May 12, 2004

Dr. Michael Vetere, Superintendent
 The Board of Education of the County of Monongalia, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ 63,619.85 not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial Term
2006	905,000	5.0	S	2015	1,360,000	5.25	S	2024	2,050,000	5.0	S
2007	945,000	5.0	S	2016	1,425,000	5.0	S	2025	2,145,000	5.0	S
2008	990,000	5.0	S	2017	1,490,000	5.0	S	2026	2,245,000	5.25	S
2009	1,035,000	4.25	S	2018	1,560,000	5.0	S	2027	2,350,000	5.25	S
2010	1,085,000	4.5	S	2019	1,635,000	5.0	S	2028	2,460,000	5.25	S
2011	1,135,000	4.75	S	2020	1,710,000	5.0	S	2029	2,575,000	5.0	T
2012	1,190,000	5.0	S	2021	1,790,000	5.0	S	2030	2,690,000	5.0	T
2013	1,245,000	5.0	S	2022	1,870,000	5.0	S	2031	2,820,000	5.0	T
2014	1,300,000	5.25	S	2023	1,960,000	5.0	S	2032	2,950,000	5.0	T
								2033	3,085,000	5.0	T

We have enclosed (please check one):

AMBIA Insd

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: Goldman Sachs & Co.

By: Rhonda Lenthorn, V.P. Telephone: 212-902-6582

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	- \$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	<u>7.2</u> %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

Date: 5/12/, 2004

Dr. Michael Vetere, Superintendent
 The Board of Education of the County of Monongalia, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

*VMBLA
128,000*

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ 5,976.20 not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2006	905,000	<u>4.0</u>		2015	1,360,000	<u>5.75</u>		2024	2,050,000	<u>4.0</u>	
2007	945,000	<u>4.0</u>		2016	1,425,000	<u>5.50</u>		2025	2,145,000	<u>4.0</u>	
2008	990,000	<u>4.0</u>		2017	1,490,000	<u>↓</u>		2026	2,245,000	<u>5.0</u>	
2009	1,035,000	<u>5.0</u>		2018	1,560,000	<u>↓</u>		2027	2,350,000	<u>5.0</u>	<u>T</u>
2010	1,085,000	<u>6.50</u>		2019	1,635,000	<u>↓</u>		2028	2,460,000	<u>5.0</u>	<u>T</u>
2011	1,135,000	<u>↓</u>		2020	1,710,000	<u>5.00</u>		2029	2,575,000	<u>5.0</u>	<u>T</u>
2012	1,190,000	<u>↓</u>		2021	1,790,000	<u>↓</u>		2030	2,690,000	<u>5.125</u>	<u>T</u>
2013	1,245,000	<u>↓</u>		2022	1,870,000	<u>↓</u>		2031	2,820,000	<u>5.125</u>	<u>T</u>
2014	1,300,000	<u>6.50</u>		2023	1,960,000	<u>4.0</u>		2032	2,950,000	<u>5.125</u>	<u>T</u>
								2033	3,085,000	<u>5.125</u>	<u>T</u>

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: URS Financial Services, Inc. Fax # 212-969-7795
 By: Michael G. Ginnard C.V.P. Telephone: 212-713-2898

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ <u>46,302,356.25</u>
Less Premium	- \$ <u>5,976.20</u>
Net Interest Cost	\$ <u>46,296,380.05</u>
Rate of Net Interest Cost	<u>5.0350</u> %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

Date: May 12, 2004

Dr. Michael Vetere, Superintendent
The Board of Education of the County of Monongalia, West Virginia
c/o Ferris, Baker Watts, Incorporated
170 Laidley Tower
Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ 33,085.05 not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2006	905,000	3.00	S	2015	1,360,000	5.25	S	2024	2,050,000	5.25	S
2007	945,000	3.00	S	2016	1,425,000	5.25	S	2025	2,145,000	5.25	S
2008	990,000	3.50	S	2017	1,490,000	5.25	S	2026	2,245,000	5.00	S
2009	1,035,000	4.25	S	2018	1,560,000	5.25	S	2027	2,350,000	5.00	S
2010	1,085,000	4.50	S	2019	1,635,000	5.25	S	2028	2,460,000	5.00	T
2011	1,135,000	4.75	S	2020	1,710,000	5.25	S	2029	2,575,000	5.00	S
2012	1,190,000	5.00	S	2021	1,790,000	5.25	S	2030	2,690,000	5.00	S
2013	1,245,000	5.00	S	2022	1,870,000	5.25	S	2031	2,820,000	5.00	S
2014	1,300,000	5.00	S	2023	1,960,000	5.25	S	2032	2,950,000	5.00	S
								2033	3,085,000	5.00	T

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: RBC Dain Rauscher

By: [Signature] Telephone: 312-559-1683

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale) \$ _____

Less Premium - \$ _____

Net Interest Cost \$ _____

Rate of Net Interest Cost _____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

Date: May 12, 2004

Dr. Michael Vetere, Superintendent
 The Board of Education of the County of Monongalia, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Sir:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated April 27, 2004, which are hereby made part of this bid, we offer to purchase all of the \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, described in said Official Notice of Sale, for the price of \$50,000,000 plus a premium of \$ 33,085.05 not to exceed \$3,000,000 plus accrued interest from May 1, 2004, to the date of delivery. The Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity date of serial and term bonds as "S" or "T", respectively.

Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturity (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2006	905,000	3.00	S	2015	1,360,000	5.25	S	2024	2,050,000	5.25	S
2007	945,000	3.00	S	2016	1,425,000	5.25	S	2025	2,145,000	5.25	S
2008	990,000	3.50	S	2017	1,490,000	5.25	S	2026	2,245,000	5.00	S
2009	1,035,000	4.25	S	2018	1,560,000	5.25	S	2027	2,350,000	5.00	S
2010	1,085,000	4.50	S	2019	1,635,000	5.25	S	2028	2,460,000	5.00	T
2011	1,135,000	4.75	S	2020	1,710,000	5.25	S	2029	2,575,000	5.00	S
2012	1,190,000	5.00	S	2021	1,790,000	5.25	S	2030	2,690,000	5.00	S
2013	1,245,000	5.00	S	2022	1,870,000	5.25	S	2031	2,820,000	5.00	S
2014	1,300,000	5.00	S	2023	1,960,000	5.25	S	2032	2,950,000	5.00	S
								2033	3,085,000	5.00	T

We have enclosed (please check one):

- One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of The Board of Education of the County of Monongalia, West Virginia, for \$1,000,000, which check is to be applied in accordance with said Official Notice of Sale.
- A surety bond in the amount of \$1,000,000 in accordance with the Official Notice of Sale.

Name of Bidder: RBC Dain Rauscher

By: [Signature] Telephone: 312-559-1683

(No addition or alteration except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The foregoing proposal is hereby accepted this _____ day of _____, 2004

By: _____, The Board of Education of the County of Monongalia

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ 46,399,687.50
Less Premium	- \$ 33,085.05
Net Interest Cost	\$ 46,366,602.45
Rate of Net Interest Cost	5.0426 %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA - (WEST VIRGINIA)

[Name of Issuer]

May 12, 2004

[Date]

[For Municipal Issues:

Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:

General Counsel's Office; 49th Floor]

The Depository Trust Company

55 Water Street

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.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: *[Signature]*

Very truly yours,

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

By: *[Signature]*
(Authorized Officer's Signature)

Michael J. Vetere, Jr.

(Print Name)

13 South High Street

(Street Address)

Morgantown, WV, USA 26501

(City) (State) (Country)

(Zip Code)

(304) 291-9210

(Phone Number)

mvetere@access.k12.wv.us

(E-mail Address)



**The Depository Trust &
Clearing Corporation**

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE****(Prepared by DTC—bracketed material may be applicable only to certain issues)**

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 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 [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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



State of West Virginia

OFFICE OF THE STATE TREASURER
CHARLESTON, WV 25305

JOHN D. PERDUE
STATE TREASURER

JERRY SIMPSON
ASSISTANT STATE TREASURER

CASH MANAGEMENT
DIVISION
Check Hotline: 1-866-243-9010
304-558-3599
FAX 304-558-5132
WWW.WVTREASURY.COM

April 14, 2004

Ms. Marie L. Prezioso
Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, West Virginia 25301

RE: \$50,000,000 The Board of Education of the
County of Monongalia (West Virginia),
Public School Refunding Bonds,
Series 2004

Dear Ms. Prezioso:

Please be advised that in conjunction with the above captioned bond issue, United Bank, Inc., Charleston, West Virginia is hereby designated as registrar. Also, please be advised that the West Virginia Municipal Bond Commission will serve as paying agent for this issue.

If there are any questions concerning this designation, please feel free to contact me at (304) 558-5000.

Sincerely,

John D. Perdue
Treasurer

Registrar's Agreement

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

REGISTRAR'S AGREEMENT

THIS AGREEMENT, dated as of May 26, 2004, by and between THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA (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 Directing Issuance of Bonds of the Issuer adopted February 24, 2004, as supplemented and amended (the "Resolution").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$50,000,000 aggregate principal amount of Public School Bonds, Series 2004, in fully registered form (the "Bonds"), pursuant to the Resolution;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Agreement does appoint the Bank to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and

when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to distribute sinking fund redemption notices at the times, in the manner, and otherwise in accordance with the provisions of the Bonds.

3. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

4. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

5. As compensation for acting as Registrar pursuant to this Agreement and the Resolution, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Resolution, the terms of the Resolution shall govern.

7. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement 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 addresses:

ISSUER: The Board of Education of the
County of Monongalia
13 South High Street
Clarksburg, WV 26501
Attention: President

BANK: United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Trust Officer

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 MONONGALIA and UNITED BANK, INC. have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONONGALIA

By: Nancy A Walker
Its President

UNITED BANK, INC.

By: Kurt Smith
Its Vice President and Trust Officer

05/17/04
737200.00001

-- WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 26, 2004

(See Reverse for Instructions)

ISSUE: The Board of Education of the County of Monongalia (West Virginia)

ADDRESS: 13 South High Street, Morgantown, WV 26501 COUNTY: Monongalia

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: May 1, 2004 (Bond Date) CLOSING DATE: May 26, 2004

ISSUE AMOUNT: \$50,000,000 RATE: See Attached Exhibit A

1ST DEBT SERVICE DUE: November 1, 2004 1ST PRINCIPAL DUE: May 1, 2006

1ST DEBT SERVICE AMOUNT: \$1,274,525 PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Stephoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: 304/624-8161

PURCHASER: Merrill Lynch & Company
Contact Person: Mike Cocchiola
Phone: 212/449-2068

CLOSING BANK: United Bank, Inc. (Registrar)
Contact Person: Kathy Smith
Phone: 304/348-8427

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Michael J. Vetere, Jr., Ed.D.
Position: Superintendent
Phone: 291-9210

OTHER: Ferris, Baker Watts, Inc. (Financial Advisor)
Contact Person: Marie Prezioso
Function: Sr. Vice President
Phone: (304) 345-3421

DEPOSITS TO MBC AT CLOSE: X Accrued Interest: \$177,017.40
By: _____ Wire _____ Capitalized Interest: \$
X Check _____ Reserve Account: \$
_____ Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$
_____ Check _____ To Issuer \$
_____ IGT _____ To Cons. Invest. Fund \$
_____ To Other: \$

NOTES: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

05/07/04
613760.00005

EXHIBIT A

\$50,000,000
THE BOARD OF EDUCATION OF THE COUNTY OF MONONGALIA
(WEST VIRGINIA)
Public School Bonds, Series 2004

<u>Bond No.</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
R-1	\$ 905,000	2006	6.00%	610219 BH 9
R-2	945,000	2007	6.00	610219 BJ 5
R-3	990,000	2008	6.00	610219 BK 2
R-4	1,035,000	2009	6.00	610219 BL 0
R-5	1,085,000	2010	6.00	610219 BM 8
R-6	1,135,000	2011	6.00	610219 BN 6
R-7	1,190,000	2012	4.00	610219 BP 1
R-8	1,245,000	2013	5.00	610219 BQ 9
R-9	1,300,000	2014	5.00	610219 BR 7
R-10	1,360,000	2015	5.00	610219 BS 5
R-11	1,425,000	2016	5.00	610219 BT 3
R-12	1,490,000	2017	5.00	610219 BU 0
R-13	1,560,000	2018	5.00	610219 BV 8
R-14	1,635,000	2019	5.00	610219 BW 6
R-15	1,710,000	2020	5.00	610219 BX 4
R-16	1,790,000	2021	5.00	610219 BY 2
R-17	1,870,000	2022	5.00	610219 BZ 9
R-18	1,960,000	2023	5.00	610219 CA 3
R-19	2,050,000	2024	5.00	610219 CB 1
R-20	2,145,000	2025	5.00	610219 CC 9
R-21	2,245,000	2026	5.00	610219 CD 7
R-22	2,350,000	2027	5.00	610219 CE 5
R-23	16,580,000	2033	5.00	610219 CL 9
	<u>\$50,000,000</u>			



Capital Strength. Triple-A Performance.

VIA COURIER

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

May 18, 2004

Vincent Collins
Steptoe & Johnson
Bank One Center-6th Floor
Clarksburg, West Virginia 26301

RE: \$50,000,000 The Board of Education of the County of Monongalia (West Virginia),
Public School Bonds, Series 2004

Dear Mr. Collins:

Enclosed please find the following documents relating to the above referenced transaction:

1. Financial Guaranty Insurance Policy No. 44060;
2. Letter of Instruction addressed to the West Virginia Municipal Bond Commission, as Paying Agent for the referenced obligations;
3. Two original Opinions of Counsel;
4. Tax Certificate; and
5. Certificate of MBIA Insurance Corporation relating to the accuracy of the Official Statement.

The premium in the amount of \$128,000 should be wired on the day of closing to:

JP Morgan Chase Bank, New York, New York
Account Number 910-2-721728
ABA# 021000021
Please reference Policy No. 44060

Please call me at (914) 765-3056 and notify me when the wiring is completed. We will need the Federal wire number in order to facilitate verification of the transaction. Once receipt of the premium has been verified, clearance will be given to release the Policy and Letter of Instruction to the West Virginia Municipal Bond Commission, Charleston, West Virginia. We would appreciate receiving three executed unbound copies of the closing transcripts within 60 days of the closing.

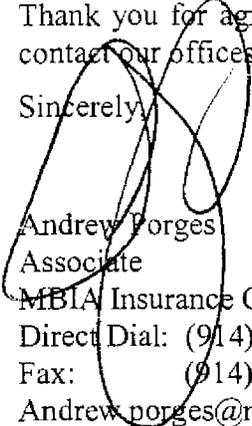


Page 2

Vincent Collins
Steptoe & Johnson

Thank you for agreeing to act in our behalf at the closing. If you have any questions, please contact our offices.

Sincerely,



Andrew Porges
Associate
MBIA Insurance Corporation
Direct Dial: (914) 765-3056
Fax: (914) 765-3161
Andrew.porges@mbia.com



FINANCIAL GUARANTY INSURANCE POLICY
MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 44060

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to **the West Virginia Municipal Bond Commission, Charleston, West Virginia**

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$50,000,000

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

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 26th day of May, 2004.

COUNTERSIGNED:

Resident Licensed Agent

City, State

MBIA Insurance Corporation

President

Attest:
 Assistant Secretary



Capital Strength. Triple-A Performance.

May 26, 2004

West Virginia Municipal Bond Commission
Charleston, West Virginia

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

\$50,000,000

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

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York, (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.

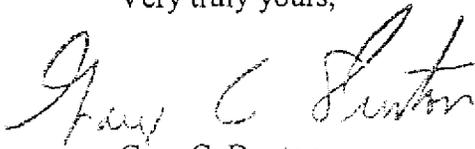
In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,



Gary C. Dunton
President



Capital Strength. Triple-A Performance.

May 26, 2004

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4546
www.mbia.com

The Board of Education of the
County of Monongalia (West Virginia)
13 South High Street
Morgantown, West Virginia 26501

Merrill Lynch & Co.
4 World Financial Center, 9th Floor
New York, New York 10080

\$50,000,000

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

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 44060 (the "Policy") relating to \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004.

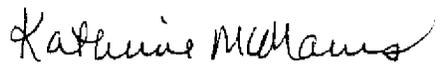
In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York and the State of West Virginia.

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,



Katherine McManus
Deputy General Counsel



Capital Strength. Triple-A Performance.

May 26, 2004

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

The Board of Education of the
County of Monongalia (West Virginia)
13 South High Street
Morgantown, West Virginia 26501

Merrill Lynch & Co.
4 World Financial Center, 9th Floor
New York, New York 10080

\$50,000,000
The Board of Education of the
County of Monongalia (West Virginia)
Public School Bonds, Series 2004

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I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 44060 (the "Policy") relating to \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004.

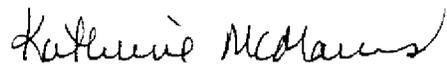
In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York and the State of West Virginia.

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,



Katherine McManus
Deputy General Counsel



Capital Strength. Triple-A Performance.

TAX CERTIFICATE

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

The Board of Education of the
County of Monongalia (West Virginia)
13 South High Street
Morgantown, West Virginia 26501

RE: \$50,000,000 The Board of Education of the County of Monongalia (West Virginia),
Public School Bonds, Series 2004 (the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing a financial guaranty insurance policy (the "Policy") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policy is an unconditional obligation of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the The Board of Education of the County of Monongalia (West Virginia) (the "Issuer");
2. The insurance premium in the amount of \$128,000 for the Policy, represents the charge for a transfer of credit risk and was determined in arm's length negotiations and is required to be paid as a condition to the issuance of the Policy;
3. No portion of such premium represents an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policy; and
5. To the extent the Insurer is called upon to make any payment under the Policy, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: May 26, 2004

MBIA Insurance Corporation


Assistant Secretary



CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Adam M. Carta, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated May 12, 2004 under the caption "Bond Insurance", regarding \$50,000,000 The Board of Education of the County of Monongalia (West Virginia), Public School Bonds, Series 2004, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 26th day of May, 2004.

A handwritten signature in cursive script, appearing to read 'Adam M. Carta', written over a horizontal line.

Assistant Secretary

State of West Virginia



Certificate

*I, Joe Manchin, III, Secretary of State of the
State of West Virginia, hereby certify that*

**THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 1, OF THE WEST
VIRGINIA CODE AND CHAPTER 13, ARTICLE 1, OF THE 2003
SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE
RECORDS OF THIS OFFICE.**



*Given under my hand and the
Great Seal of the State of
West Virginia on*

May 18, 2004

A handwritten signature in black ink, appearing to read "Joe Manchin, III".

Secretary of State

CHAPTER 13.
PUBLIC BONDED INDEBTEDNESS.

Article

1. **Bond Issues for Original Indebtedness.**
2. **Refunding Bonds.**
- 2A. **Revenue Bond Refinancing.**
- 2B. **Validation.**
- 2C. **Industrial Development and Commercial Development Bond Act.**
- 2D. **Airport Development Bond Act.**
- 2E. **Revenue Bond Refunding Act.**
- 2F. **Public Obligations Registration Act.**
- 2G. **State Refunding Bond Act.**
3. **Municipal Bond Commission.**

W. Va. Law Quarterly. — For discussion of Act of 1917, from which a part of this chapter derives, see 27 W. Va. L.Q. 84.

ARTICLE 1.

BOND ISSUES FOR ORIGINAL INDEBTEDNESS.

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| 13-1-1a. | Exemption from interest rate ceilings. | 13-1-15. | Bonds to be payable in annual installments. |
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Michie's Jurisprudence. — Power of municipalities to incur and pay debts, borrow money and issue bonds; Municipal Corporations, (mun. corp.) §§ 31-40.

Power of counties to do likewise; Counties, (count.) §§ 62, 63, 69-78.

W. Va. Law Review. — For note, "Municipal

Bonds — The Need for Disclosure," see 78 W. Va. L. Rev. 391 (1976).

"Survey of Developments in West Virginia Law: 1985," 88 W. Va. L. Rev. 443 (1985).

This article was not repealed by § 11-8-1 et seq. — See Walker v. City of Charleston, 116 W. Va. 645, 182 S.E. 766 (1935).

§ 13-1-1. Political divisions authorized to issue and sell bonds.

Any county, by and through its county court, either for and on behalf of the county or for and on behalf of any magisterial district, or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may issue and sell its bonds, in the manner and subject to the limitations and conditions hereinafter contained in this article. (1923, c. 14, § 1.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Intergovernmental agreement. — A provision of an intergovernmental agreement signed by three counties, when read in conjunction with existing statutory law, provided sufficient legal authority for the three participat-

ing counties to issue general obligation bonds to build a regional jail. Op. Att'y Gen., Sept. 9, 1983, No. 19.

Cited in Vineyard v. Roane County Court, 92 W. Va. 51, 114 S.E. 380 (1922); State ex rel. Horne v. Adams, 154 W. Va. 269, 175 S.E.2d 193 (1970).

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§ 13-1-1a. Exemption from interest rate ceilings.

Notwithstanding any other provision in this Code to the contrary, any municipality, county or state agency shall be free of interest rate restrictions when obtaining loans from the farmers home administration, housing and urban development and the economic development authority where such loans are made from federal moneys and are made for public projects. It is the intention of the legislature that the political subdivisions of this State take maximum possible advantage of federal programs and financing alternatives where such would be in the best interests of this State. (1982, c. 93.)

§ 13-1-2. Purposes for which bonds may be issued.

Debt may be incurred and bonds issued under this article for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking, or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work, improvement or department, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, or for other similar corporate purpose, for which the political division is authorized to levy taxes or expend public money. But no bonds shall be issued for the purpose of providing funds for the current expenses of any body or political division. Interest accruing during the construction period, that is to say, the time when an improvement is under construction and six months thereafter, shall be deemed a part of the cost of the improvement, and shall not be deemed current expenses. All engineering and inspection costs, including a proper proportion of the compensation, salaries and expenses of the engineering staff of the political division properly chargeable to any work or improvements, as determined by the governing body, or the estimated amount of such costs, shall be deemed part of the cost of an improvement. All costs and estimated costs of the issuance of bonds shall be deemed a part of the cost of the work or improvement, or of the property, or of the carrying out of the purposes for which such bonds are to be issued. The power to acquire or construct any building, work or improvement as herein provided shall be deemed to include the power to acquire the necessary lands, sites and rights-of-way therefor.

Bonds may also be issued by any municipality having a population of fifty thousand or more or by any county for the purpose of acquiring land and constructing a building or buildings for use and occupancy as a college. The proposal for such a bond issue shall contain a provision that there shall be created a commission or committee for the purpose of operating the building or buildings and for renting the same for an amount sufficient to pay the interest and sinking fund on the bonds proposed to be issued, and shall contain a further provision that in the event a sufficient amount is not realized from rent or rents for the purpose of meeting the debt service, then the city or county shall lay a levy for such purpose in an amount sufficient within the constitu-

tional and statutory limitation to pay the interest and principal on such bonds as the same become due and payable. The proposal may also contain a provision that when the bonds and the interest thereon shall have been paid, then the title to the land and the building or buildings situated thereon may be transferred to the college to which the same have been rented. (1923, c. 14, § 2; 1941, c. 8; 1945, c. 17; 1974, c. 8.)

Cross references. — Political divisions authorized to issue and sell bonds, § 13-1-1.

Amount of the indebtedness for which bonds may be issued, § 13-1-3.

Purposes for which proceeds to be used, § 13-1-22.

Editor's notes. — Acts 1911, c. 38, § 25a, authorizing the bonding of a magisterial district for the construction of roads therein, did not contemplate bridges over large streams as a part of public roads; and it was held that an issue of magisterial district bonds under Acts 1911, c. 38, § 25a, not solely for the construction of roads in the district, but largely for the construction or purchase of bridges therein exceeding five feet in length, was illegal and void. See Hedrick v. County Court, 71 W. Va. 732, 77 S.E. 359 (1913).

In general. — It was said in the case of Pfalzgraf v. County Court, 73 W. Va. 723, 81 S.E. 397 (1914), that the section authorizing the issuance of bonds for road improvement did not impliedly repeal Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein.

Bonds must be for municipal uses. — Under Acts 1872, c. 141, § 1, which has been superseded and in some respects modified radically by this section, it was held that it was not the intention of the legislature to authorize and empower cities, towns, or municipal corporations to issue bonds for purposes other than municipal or corporate uses. Ohio Valley Iron Works v. Town of Moundsville, 11 W. Va. 1 (1877).

Interest payment. — Section specifically authorizes the use of bond proceeds to pay any interest accruing during construction or six months thereafter. Op. Att'y Gen., Aug. 2, 1978.

§ 13-1-3. Amount and purpose of indebtedness for which bonds may be issued.

No political division authorized by this article to issue bonds, except county boards of education, shall by any bond issue, become indebted to an amount, including all other indebtedness, exceeding two and one-half percent of the value of the taxable property therein, as shown by the last assessment thereof, for state and county purposes, next prior to the issuing of such bonds: Provided, that any county for the erection and equipment of a courthouse

Refund of bond proceeds or reduction in tax levy prohibited until sufficient funds on deposit. — Where in order to meet interest obligations due on bonds prior to first levy of taxes for payment of their principal and interest, county school board forwarded portion of bond proceeds to municipal bond commission, and subsequently tax collections exceeded the amount necessary to meet present principal and interest payments and would be sufficient to pay future obligations, the municipal bond commission could not refund any part of bond proceeds forwarded to the commission by the county board of education nor reduce the taxes to be levied below that sum required by § 13-1-34 until such time as sufficient funds were on deposit with the commission to pay interest accruing in all subsequent years and to retire the bonds; however, after retirement of all bonds, any balance in the account could be refunded. Op. Att'y Gen., Aug. 2, 1978.

Courthouse. — As to financing of new courthouses, see 45 Op. Att'y Gen. 409 (1953).

Dam. — Where a proposed multiple purpose dam will be constructed, operated and owned by the federal government, which will purchase the property necessary for such project along with any easements and rights-of-way which are needed, the project, upon completion, will not be the property of the county; hence, under the provisions of this chapter, a county court (now county commission) cannot be authorized to issue and sell its general obligation bonds therefor. 47 Op. Att'y Gen. 234 (1957).

School textbooks. — A county board of education is not authorized to incur indebtedness by the issuance of general obligation bonds for the purpose of purchasing school textbooks for students. 51 Op. Att'y Gen. 323 (1965).

Cited in State ex rel. Pardue v. County Court, 105 W. Va. 235, 141 S.E. 874 (1923).

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and/or jail for such county, with funds borrowed from the government of the United States or any governmental agency, federal or state, and any municipal corporation of three hundred inhabitants or more, for the purpose of grading, paving, sewerage, and otherwise improving or reimproving its streets and alleys, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theatres, may become indebted and issue bonds in an additional sum not exceeding two and one-half percent of the value of the taxable property therein, ascertained as aforesaid: Provided, however, That no county board of education authorized by this article to issue bonds, shall, by any bond issue, become indebted, in any manner, or for any purpose, to an amount, including all other indebtedness, in the aggregate, exceeding five percent on the value of the taxable property therein, in the county school district to be ascertained by the last assessment for state and county taxes, previous to the incurring of such indebtedness, in the manner provided by the "School Bond Amendment," as ratified.

The term "sewerage" as used herein shall be treated in a comprehensive sense, so as to include all mains, laterals, connections, traps, incinerating and disposal plants, and other necessary and convenient accessories to a modern sanitary and efficient sewerage system and shall include storm sewers.

The county court of any county is hereby authorized and empowered to negotiate and sell to the government of the United States or to any governmental agency, federal or state, at private sale, at not less than par any bonds issued for the purpose of erecting and equipping a courthouse or other public buildings for such county, under and by virtue of this article, without first offering them for sale at public auction, or to any other person or agency. (1923, c. 14, § 3; 1925, c. 42; 1927, c. 58; 1931, c. 36; 1935, c. 21; 1941, c. 8; 1945, c. 17; 1951, c. 153; 1974, c. 8.)

Cross references. — Tax limitation amendments, W. Va. Const., art. X, § 1.

Statutory provisions enacted pursuant to constitutional tax limitation, § 118-1-1 et seq.

Certain bond issues to which this section is inapplicable, § 11-8-16.

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Constitutionality. — A similar act, Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein was held not to be in conflict with W. Va. Const., art. X, § 8. *Pfalzgraf v. Wood County Court*, 73

W. Va. 723, 81 S.E. 397 (1914). See also *Sanders v. County Court*, 115 W. Va. 187, 174 S.E. 878 (1934), holding that constitutional and statutory limitations on the indebtedness of distinct political divisions apply distributively and not collectively.

No obligation in excess of legally available revenue. — Obligations of political divisions of a state may not be incurred in excess of the legally available revenue derived from taxes raised by valid levies or from other legally authorized sources. *State ex rel. County Court v. Partlow*, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Cited in *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-4. Bond issue proposal to be submitted to voters; election order.

No debt shall be contracted or bonds issued under this article until all questions connected with the same shall have been first submitted to a vote of the qualified electors of the political division for which the bonds are to be issued, and shall have received three fifths of all the votes cast for and against the same. The governing body of any political division referred to in this article may, and when requested so to do by a petition in writing, praying that bonds be issued and stating the purpose and amount thereof, signed by legal voters of the political division equal to twenty percent of the votes cast in a county or magisterial district for governor, or in a municipal corporation or school district for mayor or members of the board of education, as the case may be, shall, by order entered of record, direct that an election be held for the purpose of submitting to the voters of the political division all questions connected with the contracting of debt and the issuing of bonds. Such order shall state:

- (a) The necessity for issuing the bonds, or, if a petition has been filed as provided herein, that such petition has been filed;
- (b) If for the construction of a county-district road or bridge thereon, a summary of the engineer's report provided for in the following section [§ 13-1-5] setting forth the approximate extent and the estimated cost of the proposed improvement, and the kind or class of work to be done thereon;
- (c) Purpose or purposes for which the proceeds of bonds are to be expended;
- (d) Valuation of the taxable property as shown by the last assessment thereof for state and county purposes;
- (e) Indebtedness, bonded or otherwise;
- (f) Amount of the proposed bond issue;
- (g) Maximum term of bonds and series;
- (h) Maximum rate of interest;
- (i) Date of election;
- (j) If a special election, names of commissioners for holding same;
- (k) If registration of voters is necessary, notice of the time, place and manner of making same;
- (l) That the levying body is authorized to lay a sufficient levy annually to provide funds for the payment of the interest upon the bonds and the principal at maturity, and the approximate rate of levy necessary for this purpose;
- (m) In the case of school bonds, that such bonds, together with all existing bonded indebtedness, will not exceed in the aggregate five percent of the value of the taxable property in such school district ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable from a direct annual tax levied and collected in each year on all taxable property in such school district sufficient to pay the principal and the interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property in section 1, article X of the Constitution, but in the same proportions as such maximum rates are

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levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution.

Any other provision which does not violate any provision of law, or transgress any principle of public policy, may be incorporated in the order. (1923, c. 14, § 4; 1951, c. 153; 1959, c. 132.)

Cross references. — Certain bond issues to which this section is inapplicable, § 11-8-16.

Constitutionality. — That West Virginia has adopted a rule of decision in W. Va. Const., art. X, §§ 1 and 8, and in this section, § 13-1-14 and § 11-8-16, applicable to all bond referenda and increases in taxes, by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

The supreme court of the United States in *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional W. Va. Const., art. X, §§ 1 and 8, and § 11-8-16, this section, and § 13-1-14, because violative of the equal protection clause of the Constitution of the United States. *State ex rel. Heavener v. Perry*, 155 W. Va. 353, 184 S.E.2d 136 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax increases for any purpose, whether for schools, sewers, or highways. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

Construction. — This section is clear and unambiguous. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Section mandatory. — This section, which provides, inter alia, that a city council, when requested by petition signed by legal voters as provided therein, shall direct that an election be held to determine all questions connected with the contracting of debt and the issuing of bonds, is mandatory, and, upon the refusal by a city council to comply with those mandatory terms, where all the provisions of the statute have been complied with, mandamus lies to compel the calling of such election and the submission of such question. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where a valid petition is submitted to a city council in a proper case, that body has a mandatory duty to submit the question to the voters of the city in accordance with the provisions of this section. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus. — Mandamus is the proper remedy to compel a city council to submit a

question to the voters where the law provides for such submission and council refused to do so. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

When the requisite number of signatures is contained upon a valid petition, mandamus will lie to compel the council to submit the question to the voters at an election where the council has refused to adopt the ordinance or submit the question to the voters of the municipality. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus will lie to require a city council, upon the filing of a proper petition, to submit the question to the voters of the city, and even though the ordinance, if passed, would carry with it fatal infirmities, it would go into operation, if adopted, and become legally advantageous to the relators in mandamus. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where petitioners file a petition before a city council requesting that the council undertake procedure to submit a bond issue to a vote of the people in accordance with a provision of a city charter and the council fails to give petitioners the relief sought under the charter provisions, such petitioners cannot by mandamus proceeding later force the council to proceed in accordance with an initiative provision of a general state law with which the council was not in the beginning asked by proper petition to comply. In such a situation, there is not a clear legal right to the issuance of a writ. *State ex rel. Horne v. Adams*, 154 W. Va. 269, 175 S.E.2d 193 (1970).

Refunding bonds. — The rule that refunding bonds do not create a new debt and, therefore, may be issued without voter approval under W. Va. Const., art. X, §§ 8, 10, is subject to certain qualifications: First, the amount of refunding bonds cannot increase the total indebtedness authorized by the voters on the original bond issue; secondly, refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue, and thirdly, the aggregate of the principal and interest payments made on the original bonds prior to their refunding, when added to the amounts to be paid on the refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed the original indebtedness authorized by the voters. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Valuation for bond levy purposes. — It is apparent from this section that the special bond levy is set annually based upon the current year's appraised values. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

This article contemplates general obligation bonds. — See 46 Op. Att'y Gen. 337 (1955).

Authority to issue revenue bonds cannot be given by affirmative vote. — Authority of the county court (now county commission) to issue revenue bonds for the construction of an armory cannot be given by an affirmative vote of the voters of the county; such authority can only be given by appropriate legislative action. 46 Op. Att'y Gen. 337 (1955).

Method of financing. — The method of financing known as the "restricted special fund" theory, has been upheld by an almost unbroken line of authorities. The legislature has recently adopted the "broad special fund" theory of subjecting the revenues from the entire system to the payment of bonds issued for the improvement and extension of an existing water plant. The validity of such legislation is now recognized in almost all jurisdictions. Casto v. Town of Ripley, 114 W. Va. 668, 173 S.E. 886 (1934).

Approval of bond issue in an amount in excess of that permitted by law. — County bonds in an amount which can be paid from legal maximum levies as part of a proposed issue of bonds of an aggregate in excess of the limits permitted by law are not valid and cannot be issued or used to complete a different and less costly project than the project specified in the proposed issue submitted to voters and the completion of which would require the proper expenditure of the entire principal amount of the proposed issue. State ex rel.

County Court v. Partlow, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Notice of indebtedness requirement. — The requirement that voters be correctly advised as to all existing indebtedness is mandatory and calls for the utmost good faith in its compliance on the part of the county court (now county commission). Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Under this section, the failure of a county court (now county commission) to include in its order calling an election to vote on a proposed issue of county bonds, a statement of the amount of an existing overdraft in the county fund, not provided for out of the levies of the current fiscal year, renders void the election held thereunder, and the issue of bonds attempted to be authorized thereby. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Order submitting bond issue must state approximate rate of levy needed for sinking fund requirements. — This section requires that an order submitting the approval or disapproval of a bond issue to a vote of the people state the approximate rate of levy necessary to meet the sinking fund requirements, and this rate of levy must be substantially complied with. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Rates of levy. — The rates of levy adopted by the people at a bond election are binding and where a subsequent order expressly provided that this rate could be exceeded, the provision in the order was invalid and of no effect. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Stated in APCO v. County Court, 146 W. Va. 118, 118 S.E.2d 531 (1961).

Cited in State ex rel. Todd v. Steen, 106 W. Va. 325, 145 S.E. 602 (1928).

§ 13-1-5. Engineer's estimate.

Before ordering an election on the question of issuing bonds to construct a county-district road or bridge, whether acting on its own motion or on petition, the county court shall instruct the county road engineer, or some other engineer designated by it for the purpose, to make an investigation and furnish to the court an estimate of the probable cost of the proposed improvement. (1923, c. 14, § 5.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.

The order or ordinance submitting the proposition of issuing bonds to a vote may specify more than one purpose for which bonds are to be issued: Provided,

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That the amount of the proceeds of the issue to be used for each purpose shall also be specified therein: Provided further, That all expenditures, including but not limited to expenditures for the acquisition of sites, the construction, erection, equipping and furnishing of one or more buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, and the relocation, alteration, renovation or enlargement of any existing buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, for the same general purpose shall be construed to be a single purpose within the meaning of this section. It shall not be necessary to specify in the order or ordinance submitting the proposition the amount of the proceeds of such bond issue to be used for each such site, building, structure, improvement or facility, or group of buildings, structures, improvements or facilities, which are a part of the same general purpose and it shall be sufficient compliance with this section if such order or ordinance state only the general purposes for which bonds are to be issued and the amount of the proceeds of such issue to be used for each such general purpose. (1923, c. 14, § 6; 1965, c. 125.)

Amounts for several projects must be specified. — A city bond issue for different projects cannot be sustained unless the ordinance which submitted the proposed issue to a vote of the people clearly specified the amounts to be used for the several projects, respectively. *State ex rel. Davenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938).

Substantial variance invalidates issue. — In the submission to a vote of the people of a proposed bond issue embracing several municipal projects, the amounts specified in the ordinance for the projects, respectively, shall also be set forth in the ballot, and a substantial variance will invalidate the issue. *State ex rel. Davenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938); *Jarrell v. Board of Educ.*, 131 W. Va. 702, 50 S.E.2d 442 (1948).

Diversion of funds prohibited. — A city may not use the balance of \$200,000, remaining after the completion of the first five individual projects contained in a bond issue, for the purpose of implementing the total amount available for project number six. Such action, if carried into effect, would constitute a diversion of the funds, which the law forbids. 47 Op. Att'y Gen. 33 (1956).

Airports. — Only one purpose was contemplated by county court (now county commission) where it had in mind to "establish, acquire and construct an airport ..." and to submit to the voters the question of issuing bonds. Hence, it was not a case coming within the requirements of this section. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-6a. When proceeds of bond issue specified for one project may be used for another project.

If the order or ordinance submitting the proposition of issuing bonds to a vote specifies several projects within the same general purpose and the amount of the proceeds of such issue to be used for each project and for any reason one or more of said projects cannot be constructed, carried out, or completed, the amount of money specified for such projects and any sums remaining unused upon completion of any one of the specified projects may be allocated by the governing body in its discretion to and expended for any one or more of the remaining projects specified in said order or ordinance if said order or ordinance of submission shall contain a provision authorizing it to do so. (1965, c. 126.)

§ 13-1-7. When election to be held.

Elections for the purpose of voting upon questions of issuing bonds may be held at any general, primary, or special election which the fiscal body in its order submitting the same to a vote may designate, except that, when a petition is filed asking that bonds be issued, the fiscal body with which the same is filed, if it be not designated in the petition that the election shall be held at a general or primary election, shall order a special election to be held within sixty days from the date of the filing of such petition; or, if it be a petition for bonds for the construction of county-district roads or bridges thereon, the election shall be held within sixty days from the filing of the engineer's report as provided for in section five [§ 13-1-5] of this article. (1923, c. 14, § 7.)

Questions at special election designated for consideration of constitutional amendments limited. — When the legislature, by law, designates that one or more proposed amendments are to be submitted to the voters at a special election, it would be unconstitutional and prohibited for the voters of any county to consider the question(s) of whether or

not to authorize a county board of education to borrow money by issuing general obligation bonds and/or to lay an excess levy at an election called by a county school board to be held on the same day as that already designated by the legislature for holding a special election for voters to vote on one or more constitutional amendments. Op. Att'y Gen., Apr. 9, 1973.

§ 13-1-8. Publication of notice of election.

Notice of all bond elections shall be given by publication, within fourteen consecutive days next preceding the date of the election, of the order provided for in section four [§ 13-1-4] of this article as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the political division in which the election is to be held. (1923, c. 14, § 8; 1967, c. 105.)

Editor's notes. — By Acts 1921, c. 112, § 106, it was provided that the clerk shall "forthwith" in a conspicuous place in his office and at the front door of the courthouse post the order of notice, and under such section it was held that a notice of a bond issue to build a road, seven days after the order and thirty days before the election, was posted "forthwith" as required by the section. See *Vineyard v. County Court*, 92 W. Va. 51, 114 S.E. 380 (1922).

Section liberally construed. — Under this section a liberal rather than a technical rule of construction should be applied. *Stanley v. Kanawha County Court*, 84 W. Va. 619, 100 S.E. 408 (1919).

Continuous publication. — Where a publication is required "for" a given number of days or weeks, it must be for each day or week for the required number of days or weeks, thereby giving force to the preposition "for" and distinguishing that class of statutes from those where continuity is not contemplated or so indicated by the use of the preposition. *Stanley v. Kanawha County Court*, 84 W. Va. 619, 100 S.E. 408 (1919).

Stated in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-9. Registration of voters.

The registration of voters and the use of registration books prescribed by general law shall be applicable to any election under this chapter. (1923, c. 14, § 9.)

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Cross references. — General law pertaining to registration of voters, c. 3, art. 2 and note thereto.

§ 13-1-10. Election precincts.

Elections for bond issues for counties, districts and school districts shall be held at the voting precincts established for holding general elections; for municipalities, at the precincts established for the election of municipal officers; and for independent school districts, at the precincts used for voting for boards of education. (1923, c. 14, § 10.)

§ 13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.

All the provisions of the general election laws of this State concerning general, primary or special elections, when not in conflict with the provisions of this article, shall apply to bond elections hereunder, insofar as practicable: Provided, That in bond elections for municipalities, school or independent school districts, the recorders and secretaries, respectively, shall procure and furnish to the election commissioners at each voting precinct the ballots, pollbooks, tally sheets and other things necessary for conducting the election, and perform all duties imposed by law upon clerks of the circuit courts in relation to general elections. (1923, c. 14, § 11.)

ALR references. — Rescission of vote authorizing school district or other municipal bond issue, expenditure, or tax, 68 ALR2d 1041.

Inspection of polling places. — The secretary of state, as chief election official under § 3-1A-6, and his designates are allowed to enter polling places on election day in an effort to ensure that an election is running smoothly and without error or fraud. Op. Att'y Gen., Oct. 22, 1979.

Certification of election officials. — County board of education is the proper body to certify election officials for general obligation bond issue election. 47 Op. Att'y Gen. 158 (1957).

County court (now county commission) to conduct recount. — In the absence of any conflicting statute, and under the provisions of this section and § 3-6-9, the county court (now county commission), as a board of canvassers of the county, is vested with the power and authority to recount the ballots cast at a special bond election in the county and is the proper governmental instrumentality to conduct such

recount. State ex rel. Bumgarner v. County Court, 147 W. Va. 52, 125 S.E.2d 883 (1962).

Recount must be prompt. — The county court (now county commission), as the board of canvassers of the county, being vested with the power and authority to conduct a recount of the ballots cast at special bond elections, is subject to the duty to conduct such recount promptly and without unnecessary delay and to comply with the public policy of the State which requires diligent and timely action by officers, boards, tribunals and courts in ascertaining, declaring and certifying the final results of an election. State ex rel. Bumgarner v. County Court, 147 W. Va. 52, 125 S.E.2d 883 (1962).

Duty to provide polling place. — The duty to provide polling places in special elections for school purposes is imposed solely upon the county court (now county commission) and not the board of education. Op. Att'y Gen., July 25, 1969.

Applied in Mingo County Taxpayers Ass'n v. Board of Educ., 122 W. Va. 109, 7 S.E.2d 656 (1940).

§ 13-1-12. Form of ballot.

The ballots to be used at elections under this article shall be in substantially the following form:

Shall (name of political division) incur debt and issue bonds to the amount of \$....., to run not more than years from the date thereof, with interest not exceeding the rate of percent per annum, for the purpose of, and levy taxes sufficient to pay the interest on and the principal of such bonds.

- Yes.
- No.

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

To vote against it, place a similar mark before the word "No." (1923, c. 14, § 12.)

Failure of municipality to use ballot prescribed does not invalidate election. — Failure to use the form of ballot prescribed by this section, in an election held by a municipality upon the question of the issuance of municipal bonds for street improvement to be paid for in whole or in part by assessment against abutting property, does not render the election invalid. *Sexton v. Lee*, 100 W. Va. 389, 130 S.E. 437 (1925).

Ballot clearly indicating intention of voter sufficient. — If the form of ballot to be used in municipal bond elections be not prescribed by statute, a ballot which clearly indicates the intention of the voter on the proposition submitted will suffice. *Sexton v. Lee*, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-13. Time and manner of canvassing returns.

The authorities calling bond elections shall canvass the returns at the same time with reference to the election and in the same manner as is required of county courts for general elections. (1923, c. 14, § 13.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

canvass the returns of a general obligation bond issue election. 47 Op. Att'y Gen. 158 (1957).

Authority to canvass returns. — The county board of education is authorized to can-

Quoted in *Park v. Landfried*, 135 W. Va. 361, 63 S.E.2d 586 (1951).

§ 13-1-14. Resolution authorizing issuance and fixing terms of bonds.

If three fifths of all the votes cast for and against the proposition to incur debt and issue negotiable bonds shall be in favor of the same, the governing body of the political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount stated in the proposition; fix the date thereof; set forth the denominations in which they shall be issued, which denominations shall be one hundred dollars or multiples thereof; determine the rate or rates of interest which the bonds shall bear, which rate or rates of interest shall be within the maximum rate stated in the proposition submitted to vote and payable semiannually; prescribe the medium with which the bonds shall be payable; require that the bonds shall be made payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall

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become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds shall be subject to redemption prior to the maturity thereof and, if so, the terms of the redemption; and prescribe a form for executing the bonds authorized. (1923, c. 14, § 14; 1970, c. 9; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1990, 3rd Ex. Sess., c. 5; 1994, c. 13; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 13, 1998, substituted "the state treasurer" for "the state board of investments."

Constitutionality. — The supreme court of the United States in *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional W. Va. Const., art. X, §§ 1 and 8, and §§ 11-8-16, 13-1-4 and this section, because violative of the equal protection clause of the Constitution of the United States. *State ex rel. Heavener v. Perry*, 155 W. Va. 353, 184 S.E.2d 136 (1971).

That West Virginia has adopted a rule of decision in W. Va. Const., art. X, §§ 1 and 8, and in § 13-1-4, this section, and § 11-8-16, applicable to all bond referenda and increases in taxes, by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax in-

creases for any purpose, whether for schools, sewers, or highways. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

Variance in interest rates. — Issuance of different blocks, amounts, or series of bonds of a total authorized bond issue, may have variance in the coupon interest rates, provided none of the interest rates exceed the maximum authorized interest rate. 45 Op. Att'y Gen. 303 (1953).

Issuance of less than total amount authorized. — Under this section, relating to an original bond issue, it appears that the legislature intended that a bond-issuing authority could issue less than the total amount of bonds authorized at the election, if under all the circumstances the projects authorized by the voters can still be completed. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Registration of bonds. — This section and § 13-2-2, which authorize a bond-issuing authority to have bonds payable at the office of the treasurer of state and at such other places that the bond-issuing authority may designate, provide sufficient authority to permit the bonds to be registered at the place of payment. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-15. Bonds to be payable in annual installments.

Such bonds shall be made payable in annual installments beginning not more than two years after the date thereof, and the amount payable in each year may be so fixed that, when the annual interest is added to the principal amount to be paid, the total amount payable in each year in which part of the principal is payable shall be as nearly equal as practicable. It shall be an immaterial variance if the difference between the largest and smallest amounts of principal and interest payable annually during the term of the bonds shall not exceed three percent of the total authorized issue. Or, such bonds may be payable in annual installments beginning not more than two years after the date thereof, each installment being as nearly equal in principal amount as may be practicable. (1923, c. 14, § 14.)

§ 13-1-15a. Bonds may be subject to redemption.

All or a portion of such bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and

prices and on such terms as shall be designated in the resolution required by section fourteen [§ 13-1-14] of this article. The body issuing the bonds may not levy taxes in connection with the redemption of any bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such bonds in such year. (1994, c. 13.)

§ 13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.

The resolution authorizing the bonds provided for in section fourteen [§ 13-1-14] of this article may direct that they shall contain the following recital:

"It is certified that this bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

Such recital, when such bonds shall have been indorsed by the attorney general as provided in section twenty-eight [§ 13-1-28] of this article, shall be deemed an authorized declaration by the governing body of the political division and to import that there is constitutional and statutory authority for incurring the debts and issuing the bonds; that all the proceedings therefor are regular; that all the acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds, have existed, happened and been performed in due time, form and manner as required by law; that the amount of the bond and the issue of which it forms a part, together with all other indebtedness, does not exceed any limit or limits prescribed by the Constitution or statutes of this State; and that all questions connected with incurring the debt and issuing the bonds have been first submitted to a vote of the people and have received three fifths of all the votes cast for and against the same at an election regularly called and held for the purpose after notice published and posted in the manner required by law. If any bond be issued containing the said recital, and also containing the indorsement of the attorney general as aforesaid, it shall be conclusively presumed that said recital, construed according to the import hereby declared, is true, and neither the political division nor any taxpayer thereof shall be permitted to question the validity or regularity of the obligation in any court or in any action or proceeding. (1923, c. 14, § 15.)

§ 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.

The bonds issued hereunder may be registered or coupon bonds. Coupon bonds may be registered as to the principal in the owner's name by the state treasurer on books which shall be kept at its office for the purpose and the registration shall also be noted on the bonds, after which no transfer shall be valid unless made by the state treasurer on the books of registration and

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similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery; but may again, and from time to time, be registered as to the principal amount as before. The registration of coupon bonds as to the principal sum shall not affect the negotiability of the interest coupons, but title to the same shall pass by delivery. (1923, c. 14, § 16; 1990, 3rd Ex. Sess., c. 5; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 14, 1998, twice substituted "the state treasurer" for "the state board of investments."

Quoted in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.

Coupon bonds may also be registered as to the interest by the holder surrendering the bonds with the unpaid coupons attached, which bonds and coupons shall be canceled by the state treasurer. New bonds of the same date and tenor and for the same amounts as the bonds surrendered, or, at the option of the holder, a single bond for the aggregate amount of the bonds surrendered, but without interest coupons attached, shall be issued in the place of the coupon bonds and registered in the manner required in the preceding section. A registered bond may at any time be surrendered and be exchanged by the holder for a coupon bond by the holder delivering the registered bond to the state treasurer who shall cancel the same and who shall cause a new bond of the same date and tenor and for the same amount to be issued, and with interest coupons for the interest thereafter to accrue thereon attached, and deliver the same to the holder of the surrendered bond. The governing body of the county, municipal corporation or school district which issued the original bond shall issue and execute the new bond required by this section and shall pass the resolutions and ordinances necessary to authorize the same. The expense of such registration shall in all cases be paid by the holder of the bonds. (1923, c. 14, § 17; 1990, 3rd Ex. Sess., c. 5; 1998, c. 320.)

Effect of amendment of 1998. — The amendment, effective March 14, 1998, in the first and third sentences, substituted "the state treasurer" for "the state board of investments."

§ 13-1-19. Signing, sealing and delivery of bonds and coupons.

All bonds issued under this article by any county shall be signed by the president of the county court and countersigned by the clerk of such court; bonds issued by any municipality shall be signed by the mayor or other chief executive and countersigned by the clerk, recorder or secretary; bonds issued by a district or independent school district shall be signed by the president of the board of education and countersigned by the secretary thereof. The seal of the political division shall be affixed to such bonds. Interest coupons shall be signed by the facsimile signatures of such officers. The delivery of any bonds or

coupons so executed at any time thereafter shall be valid, although before the date of delivery the person signing such bonds or coupons shall have ceased to hold office. (1923, c. 14, § 18.)

Editor's notes. — As to the designation of county courts as county commissions. see W. Va. Const., art. IX, § 9. Cited in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-20. Imposition and collection of tax to pay bonds and interest.

It shall be the duty of the governing body of any political division, at or before the time of issuing bonds under this article, to provide for the imposition and collection annually of a tax, in excess of all other taxes, on all property subject to taxation by the political division under the Constitution and laws of this State, sufficient in amount to pay annually the interest on such debt and the principal thereof falling due in each year, such tax to be levied and collected by the same officers, at the same time and in the same manner as the general taxes of the political division. Should any political division neglect or fail for any reason to impose or collect such tax for the payment of the principal or interest of any bonded indebtedness incurred under this article, any person in interest or the state tax commissioner may enforce the imposition and collection thereof in any court having jurisdiction of the subject matter, and any suit, action or proceeding brought for such purpose shall be heard and disposed of with reasonable dispatch. (1923, c. 14, § 19.)

Rate adjustments. — This section appears to permit annual adjustments to the levy rates, if necessary, to meet the annual bond interest, including retirement of principal. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-21. Advertisement and sale of bonds.

The governing body of the political division issuing such bonds shall sell the same and collect the proceeds, which proceeds shall be deposited with its treasurer. The governing body of the political division shall advertise such bonds for sale, on sealed bids, which advertisement shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be the political division. The first publication shall be made at least fourteen days before the date fixed for the reception of bids. Such advertisement shall also be published in a financial paper published either in the city of New York or the city of Chicago, or in a newspaper published in a city of this state having a population of not less than twenty thousand inhabitants, according to the last federal census. The governing body may reject any and all bids. If the bonds be not sold pursuant to such advertisement, they may within one hundred twenty days after the date advertised for the reception of bids, be sold by the governing body at private sale, but no private sale shall be made at a price less than the highest bid which shall have been received. If not sold, such bonds shall be readvertised in the manner herein provided. In no event

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shall bonds be sold for less than their par value. (1923, c. 14, § 20; 1967, c. 105; 1981, 1st Ex. Sess., c. 2; 1992, c. 29.)

Discount sales. — A discount sale of a refunding bond is not prohibited. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.

The proceeds derived from the sale of any bonds shall be used only for the purpose or purposes for which the bonds were issued as set out in the order or ordinance submitting the question to vote, but the purchaser of the bonds shall not be obliged to see to the application thereof. (1923, c. 14, § 21.)

Limitations not forbidden by fundamental law may be imposed on expenditures. — The board of education may place upon the expenditure of funds any limitations or restrictions not forbidden by the fundamental law in the original order and bond ballot. 46 Op. Att'y Gen. 375 (1956).

Hence, it was legal and proper for a county board of education to use the proceeds designated for "Simmons" in a bond issue election for the necessary expansion of facilities at several schools in the "Simmons" community. 46 Op. Att'y Gen. 375 (1956).

Authority to designate location of municipal park when bond issue does not so

provide. — See 45 Op. Att'y Gen. 426 (1953).

Bond recitals control for holders in due course. — A municipal corporation is estopped by recitals in bonds to assert, as against a holder in due course, that the recitals were false or incorrect. St. Paul Fire & Marine Ins. Co. v. Town of Monongah, 209 F. Supp. 514 (N.D.W. Va. 1962).

Expenditures for approved purposes only. — A county court (now county commission) may not expend proceeds of a bond issue made under the provisions of article 1 of this chapter for purposes other than those specifically approved by the voters of that county. Op. Att'y Gen., May 28, 1969.

§ 13-1-23. No law, order, ordinance, resolution, proceeding or publication necessary except as prescribed by this article.

This article shall, without reference to any other act of the legislature, be full authority for the issuance and sale of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bond under this article shall be necessary, except such as are required by this article. No publication of any order, ordinance, resolution or proceeding relating to the issuance of such bonds shall be necessary except such as is required by this article. Any publication prescribed hereby may be made in any newspaper conforming to the terms of this article, without regard to designation thereof as the official journal of the political division. (1923, c. 14, § 22.)

§ 13-1-24. Legal status of bonds.

Bonds issued under this article, except to the extent that their status shall be affected by registration made in pursuance of this article, shall have all the qualities of negotiable paper under the law merchant and shall not be invalid for any irregularity or defect in the proceedings for the issuance thereof, and shall be incontestable in the hands of bona fide purchasers or holders thereof for value. (1923, c. 14, § 23.)

§ 13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.

The governing body of any political division issuing bonds under this article shall, as soon as practicable after the result of the election authorizing their issuance shall have been officially ascertained, transmit to the attorney general a duly certified copy of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and any other matters relative thereto which the attorney general may require. The attorney general shall thereupon either approve or disapprove the validity of such bond issue, and shall immediately notify the governing body of the political division which authorized the issuance of the bonds of his action by mail, and as soon as practicable notify the people of such political division of his approval or disapproval of such bond issue, by causing notice thereof to be published as a Class II legal advertisement in compliance with the provisions of article three (§ 59-3-1 et seq.), chapter fifty-nine of this Code, and the publication area for such publication shall be the political division. (1923, c. 14, § 24; 1967, c. 105.)

Cross references. — See notes to § 13-1-26. **Attorney general restricted to consideration of procedural steps in passing on validity of bond issue.** — The power of the attorney general in approving or disapproving the validity of a proposed bond issue, pursuant to this section, is restricted to passing upon the procedural steps taken by the political subdivision. *State ex rel. Town of S. Charleston v. Partlow*, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Attorney general may not rule on validity of contract affecting title to land to be purchased from proceeds of bond issue. — Under this section, the attorney general of this State has no power to pass on the validity of a contract and agreement affecting the title to land to be purchased from the proceeds of a bond issue. Such question is judicial and must be determined by a court of competent jurisdiction.

State ex rel. Town of S. Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Proceeding by attorney general does not oust jurisdiction of court. — Where, prior to the approval of a bond issue by the attorney general, a citizen and taxpayer has instituted his suit or action attacking the legality of the election, the jurisdiction of the court to hear and determine such suit or action cannot be ousted, or in any manner affected, by any proceeding on the part of the attorney general, under this and §§ 13-1-26, 13-1-27. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Cited in *State ex rel. Davenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938); *State ex rel. County Court v. Partlow*, 130 W. Va. 777, 45 S.E.2d 506 (1947); *Town of South Charleston v. Board of Educ.*, 132 W. Va. 77, 50 S.E.2d 880 (1948).

§ 13-1-26. Review in supreme court of appeals of action of attorney general.

For a period of ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue as provided in the preceding section [§ 13-1-25], any person in interest, or any taxpayer within the political division for which the bonds are authorized to be issued, may present his or its petition to the supreme court of appeals or to a judge thereof in vacation, praying that the action of the attorney general in approving or disapproving such bond issue, as aforesaid, be reversed or modified; and if the court, or such judge thereof in vacation, be of the opinion to hear and determine the matters in such petition

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Sole questi

set out, the case shall be proceeded with as in cases of original jurisdiction; but the petitioner shall file with the clerk of the court a bond, with security to be approved by him, and in such sum as the court or judge may fix, for the payment of such costs as may be awarded against him in said court. The clerk of the court shall forthwith notify the attorney general and the governing body of the political division which authorized the issuance of the bonds of the action taken by the court or judge in vacation upon such petition, and for the hearing thereof the attorney general shall file with the clerk of said court all papers, documents, evidence and records, or certified copies thereof, which were before him and on which he based his approval or disapproval; and before the day fixed for final hearing, he shall file with the clerk of said court a written statement of his reasons for the approval or disapproval of the bond issue. Upon the submission of the case, the court shall decide the matters in controversy and enter such order thereon as to it may seem to be just. (1923, c. 14, § 24.)

Exercise of discretion by attorney general must not be arbitrary. — This section does not contemplate or sanction an arbitrary exercise of the discretionary powers of the attorney general. This is indicated by the provision hereof which permits an appeal to the supreme court in the event of misuse or abuse of the authority vested in the attorney general. *State ex rel. Allen v. England*, 86 W. Va. 508, 103 S.E. 400 (1920).

Attorney general may not withhold approval if all preliminary proceedings have been regular. — The attorney general cannot withhold his approval if all of the preliminary proceedings to the issue of the road bonds are regular or substantially so. Nor can he be permitted to give his approval if the statutory provisions have not been complied with. *State ex rel. Allen v. England*, 86 W. Va. 508, 103 S.E. 400 (1920).

If a judgment by the attorney general has not been attacked by a suit within the prescribed time, such judgment becomes final. *State ex rel. Allen v. England*, 86 W. Va. 508, 103 S.E. 400 (1920).

Review contemplated. — The provisions of this section and § 13-1-25 contemplate that when the attorney general has ruled, his action may be reviewed by the supreme court of appeals. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 329 (1943).

Power of review rests solely on this section. — The jurisdiction of the supreme court of appeals to review the action of the attorney general in approving or disapproving a proposed bond issue rests solely on this section, and should "be proceeded with as in cases of original jurisdiction." *State ex rel. Town of S. Charleston v. Partlow*, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Sole question ordinarily considered on

review is approval or disapproval by the attorney general of a proposed bond issue.

— Generally the supreme court of appeals will not undertake in such proceeding the supervision of the expenditure of funds to be procured as the result of such bond issue. *Baxa v. Partlow*, 132 W. Va. 859, 54 S.E.2d 825 (1949); *State ex rel. Town of S. Charleston v. Partlow*, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Power of attorney general limited by § 13-1-25. — The review by the supreme court of appeals of the attorney general's action in approving or disapproving a proposed bond issue contemplated by this section is limited to his action with respect to the powers he may properly exercise pursuant to § 13-1-25. *State ex rel. Town of S. Charleston v. Partlow*, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Effect of appellate review on jurisdiction of lower court. — The action of the appellate court in upholding the attorney general in sustaining a county bond issue would not oust the circuit court of the county of its jurisdiction to finally hear and determine a pending suit seeking to contest the bond election and to enjoin the issuance of the bonds. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 329 (1943).

Objection to amended petition. — An objection to an amended and supplemental petition, filed more than ten days after the date of the last publication of the notice of the attorney general of his approval of a bond issue, was held to be without merit so long as the defendant was not taken by surprise or otherwise prejudiced by the filing and consideration of the supplemental petition. *Baxa v. Partlow*, 132 W. Va. 859, 54 S.E.2d 825 (1949).

Applied in *State ex rel. Davenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938); *State ex rel. County Court v. Partlow*, 130 W. Va. 777, 45 S.E.2d 506 (1947).

Cited in *Town of South Charleston v. Board of Education*, 132 W. Va. 77, 50 S.E.2d 880 (1948).

§ 13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.

If no person in interest or taxpayer shall within ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue, as provided in this article, present his or its petition to the supreme court of appeals or to a judge thereof in vacation praying that the action of the attorney general be reversed or modified, as hereinbefore provided, or if such petition be filed and the court or judge be of the opinion not to hear and determine the matters in such petition set out, the action of the attorney general shall be final and no other appeal shall be allowed therefrom; and the bond issue approved by him shall become incontestable and shall be a valid and binding obligation upon the authority issuing the same and upon the taxable property within the political division which authorized the bond issue by the vote of the people therein; and no one shall thereafter have the right to contest in any court or in any action or proceeding the legality of any election held under this article, the bond issue provided for, or the tax required to pay the same, for any cause whatsoever. (1923, c. 14, § 24.)

Applied in *Warden v. Grafton*, 125 W. Va. 27 S.E.2d 829 (1943); *In re Proposal to Incorporate Town of Chesapeake*, 130 W. Va. 527, 45 S.E.2d 113 (1947).
Cited in *Sessler v. Partlow*, 126 W. Va. 232, 658, 26 S.E.2d 1 (1943).

§ 13-1-28. Indorsement on bonds by attorney general.

After ten days shall have elapsed from and after the date of the last publication of the attorney general's notice provided for in section twenty-five [§ 13-1-25] of this article, if no proceeding be pending to have his approval of the bond issue reversed and modified, the attorney general shall indorse upon each and every bond of the issue so approved by him his certificate to the effect that such bond has been approved by him by virtue of the authority vested in him by this article; that notice of his approval was published as required by section twenty-five of this article; that ten days have elapsed since the date of the last publication of such notice; that there has been no appeal from his decision to the supreme court of appeals; and that the bond has become incontestable and is a binding obligation upon the authority issuing the same and upon the taxable property within the political division, and that the validity of such bond shall not be contested thereafter in any court or in any action or proceeding for any cause whatsoever. (1923, c. 14, § 24.)

§ 13-1-29

The cost of certifying by the attorney general necessary for the bond issue, proceeds of the bond issue fund of such

§ 13-1-30

The attorney general's disapproval of a bond issue shall be open for review (1923, c. 14, § 24.)

§ 13-1-31

Nothing herein shall be construed to apply to proceedings begun and under way under the authority of this article at the time of the indebtedness.

§ 13-1-32

Notwithstanding to the extent that a special district is authorized by this article to incur a liability not exceeding the amount of the special tax to be paid for the same (1923, c. 14,

ALL RIGHTS RESERVED

§ 13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.

The cost of publishing the notice to taxpayers as herein provided, and the costs of certifying and copying all records, papers and proceedings to be used by the attorney general in passing upon the validity of the bond issue, and all necessary expense incurred by the attorney general in connection with any bond issue, shall be paid by the authority issuing such bonds out of the proceeds arising from the sale thereof, if the same be finally approved, and if the bond issue be disapproved, such expense shall be paid out of the general fund of such authority. (1923, c. 14, § 24.)

§ 13-1-30. Files and records to be kept by attorney general.

The attorney general shall keep on file in his office the papers pertaining to any bond issue submitted to him, and shall record his findings of approval or disapproval in a well bound book kept for that purpose in his office, which shall be open for inspection by anyone in interest during business hours. (1923, c. 14, § 24.)

§ 13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred.

Nothing contained in this article shall affect in any way proceedings heretofore begun by the governing body of any political division to issue bonds under the authority of any statutes of this State heretofore in force. Such proceedings may be completed under the statute under which the same were begun and under the provisions of this article so far as the same can be made applicable thereto. Nor shall anything contained in this article invalidate any indebtedness heretofore incurred under a law then existing. (1923, c. 14, § 25.)

§ 13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article.

Notwithstanding the provisions of section three [§ 13-1-3] of this article, when by a special act of the legislature any municipality or independent school district is authorized to become indebted for any purpose or purposes in a greater amount than is fixed by said section three, bonds may be issued under this article by such municipality or independent school district in an amount not exceeding that fixed by such special act. This article shall not affect any general or special law providing for the issuing of bonds for any improvement to be paid for in whole or in part by assessment against abutting property. (1923, c. 14, § 26.)

Editor's notes. — Acts 1933, Ex. Sess., c. 8, abolished "existing magisterial school districts and subdistricts and independent districts." See § 13-1-3.

Cited in Sexton v. Lee, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-33. Bonds exempt from taxation.

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder, or under the provisions of chapter eight [§ 8-1-1 et seq.] of this Code, shall be exempt from all taxation by the State or by any political subdivision thereof. (1931 Code, § 13-1-33.)

Exemption must be provided by law or contract. — Unless in some way exempted by express provision of law or by contract, bonds issued by municipal subdivisions of the State may be taxed by the State. *State v. Page*, 100 W. Va. 166, 130 S.E. 426 (1925).

§ 13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value.

(a) Notwithstanding any other provision of this article or of any other law to the contrary, every school district, by and through its board of education, shall levy and collect in each year a direct annual tax on all taxable property in such school district sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such school district, now or hereafter contracted, not to exceed five percent of the value of the taxable property therein to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

(b) The term "value" as used in this section and in section 8, article X of the Constitution, is used in the same context that the term "value" is used in section 1, article X of the Constitution, and means the "worth in money" of a piece of property — its market value for ad valorem property tax purposes. (1959, c. 132; 1988, 3rd Ex. Sess., c. 7.)

Refund of bond proceeds or reduction in tax levy prohibited until sufficient funds on deposit. — Where in order to meet interest obligations due on bonds prior to first levy of taxes for payment of their principal and interest, county school board forwarded portion of bond proceeds to municipal bond commission, and subsequently tax collections exceeded the amount necessary to meet present principal and interest payments and would be sufficient to pay future obligations, the municipal bond commission could not refund any part of bond

proceeds forwarded to the commission by the county board of education nor reduce the taxes to be levied below that sum required by this section until such time as sufficient funds were on deposit with the commission to pay interest accruing in all subsequent years and to retire the bonds; however, after retirement of all bonds, any balance in the account could be refunded. *Op. Att'y Gen.*, Aug. 2, 1978.

Stated in *APCO v. County Court*, 146 W. Va. 118, 118 S.E.2d 531 (1961).

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§ 13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same.

Notwithstanding any other provisions of this article or any other law to the contrary, every county, by and through its county court, either for or on behalf of the county, or for and on behalf of any magisterial district, or any group of magisterial districts therein, and any municipal corporation, by and through its council or other governing body in lieu thereof, shall levy and collect in each year a direct annual tax on all the taxable property in such county, magisterial district or districts, or municipality sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, now or hereafter contracted, not to exceed in the aggregate five percent of the value of the taxable property therein, to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by such counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

The order of the county court, either for or on behalf of the county or for and on behalf of any magisterial district, or any group of magisterial districts therein, or of any municipal corporation, by its council or other governing body in lieu thereof, hereafter adopted calling an election on the issuance of bonds of such county, magisterial district or districts, or municipality, as the case may be, which together with the existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, the value to be ascertained in accordance with section 8, article X of the Constitution, shall contain a statement in substantially the following form:

Such bonds, together with all existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable upon a direct annual tax levied and collected in each year on all taxable property in such county, magisterial district or districts, or municipality, as the case may be, sufficient to pay the principal and interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article

X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution. (1959, c. 133.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

Section unconstitutional. — This section attempts to confer levying power and authority

upon county courts (now county commissions) in direct conflict with W. Va. Const., art. X, § 1 and is unconstitutional. *APCO v. County Court*, 146 W. Va. 118, 118 S.E.2d 531 (1961), commented on in 63 W. Va. L. Rev. 357 (1961).

ARTICLE 2.

REFUNDING BONDS.

- Sec. 13-2-1. What political divisions may issue refunding bonds; when issued.
- 13-2-2. Terms of refunding bonds; time, place and amount of payments.
- 13-2-3. Certain provisions of article one to apply to refunding bonds.
- 13-2-4. Disposition of bonds; cancellation of original bonds.
- 13-2-5. Article sufficient authority for issuing refunding bonds.

- Sec. 13-2-6. Issuance without election or notice.
- 13-2-7. Invalidity of part of article not to affect other parts.
- 13-2-8. Bonds exempt from taxation.
- 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent.

W. Va. Law Review. — "Survey of Developments in West Virginia Law: 1985," 88 W. Va. L. Rev. 443 (1985).

No new indebtedness created. — The issuance by a county court (now county commission) of refunding bonds to retire existing road bonds of a magisterial district under this article does not create a new indebtedness, and levies to provide debt service for the new (refunding) bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. *Keeney v. Kanawha County Court*, 115 W. Va. 243, 175 S.E. 60 (1934); *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

The rule that refunding bonds do not create a new debt and, therefore, may be issued without voter approval under W. Va. Const., art. X, §§ 8 and 10 is subject to certain qualifications: First, the amount of refunding bonds cannot increase the total indebtedness authorized by the voters on the original bond issue; secondly, refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue, and thirdly, the aggregate of the principal and interest payments made on the original bonds prior to their refunding, when added to the amounts to be paid on the refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed the original indebtedness authorized by the voters. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

In action to test validity of issue, bondholders must be made parties. — A court will not consider and pass upon the constitutionality of the statute nor upon the validity of the bonds sold under the authority thereof, unless the bondholders are made parties or have their day in court. *State ex rel. Hall v. County Court*, 100 W. Va. 11, 129 S.E. 712 (1925).

Completion of project. — Where a bond-issuing authority has been unable to market all of its original bond issue and is unable to complete the project financed by the bond issue, it may utilize for the project any unencumbered funds in its account with the bond commission in accordance with the provisions of § 13-3-9(c), as a part of a refunding bond plan to complete the original project. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Use of excess funds. — Section 13-9-2c, which authorizes the transfer of funds remaining from the liquidation of school bonds to the school current fund, does not preclude the use of excess money from an escrow fund established with the bond commission and derived from the sale of refunding bonds under this article, as long as the county board of education complies with § 13-3-9(c). *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Discount sales. — A discount sale of a refunding bond is not prohibited. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

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CHAPTER 13.
PUBLIC BONDED INDEBTEDNESS.

ARTICLE 3.
MUNICIPAL BOND COMMISSION.

§ 13-3-6. Powers and duties of commission.

Code of State Rules References. — Rules of procedure governing board and executive committee meetings of the WV municipal bond commission, 109CSR1, effective March 12, 1984.



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 Member NYSE, SIPC
 Public Finance
 500 Lee Street, East
 Suite 100
 Charleston, West Virginia 25301
 (304) 345-3421

MEMORANDUM

TO: Terry Hawkins
 Monongalia Co. Bd. of Ed
 Phone: 304/291-9210
 Fax: 304/291-3015

Mike Cocchiola
 Merrill Lynch & Co.
 Phone: 212/449-2068
 Fax: 212/449-7151

Vince Collins
 Steptoe & Johnson
 Phone: 304/624-8161
 Fax: 304/624-8183

David Herstine
 BB&T Morgantown
 Phone: 304/285-2405
 Fax: 304/285-2399

Sara Boardman
 WV Municipal Bond Comm.
 Phone: 304/558-3971
 Fax: 304/558-1280

FROM: Marie L. Prezioso

RECEIVED

DATE: May 14, 2004

DATE: 5-24-04 **TIME:** 8:00

RE: \$50,000,000 The Board of Education of the County of Monongalia
 (West Virginia), Public School Bonds, Series 2004 *hpj*

On Wednesday, May 26, 2004, Merrill Lynch & Co. will wire \$49,187,623.65 to the account of the Monongalia County Board of Education (wiring instructions follow).

	\$50,000,000.00	Total Principal of Bonds
Plus	177,017.40	Accrued Interest
Plus	10,606.25	Premium
Less	<u>1,000,000</u>	Good Faith Deposit
	\$49,187,623.65	

Wiring instructions:

Merrill Lynch & Co. will wire \$49,187,623.65
To: BB&T Morgantown, WV
ABA#: 051503394
Credit: Monongalia County Board of Education
 (Treasurers Account)
 # 5272796426
Contact Person: David Herstine 304/285-2405

The Board needs to send a check for \$177,017.40 to the Municipal Bond Commission to credit the Monongalia County Schools Series 2004 Bonds G/O Account to pay interest.