

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

Public School Bonds, Series 1999

Date of Closing: July 21, 1999

BOND TRANSCRIPT

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AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF MONROE DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF MONROE COUNTY
SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED
TWO MILLION ONE HUNDRED THOUSAND DOLLARS
(\$2,100,000)

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

1. There are now and have been for several years in the School District deficiencies in the school building facilities presently existing which generally result in insufficient space, overcrowding, and a lack of efficiency. To correct these deficiencies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated.

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

3. To obtain the necessary funds for the projects hereinafter described, it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, improvement, equipping and furnishing of such projects. Studies by the Board show that the School District must spend at least the sum of Three Million Two Hundred Thousand Dollars (\$3,200,000) for such purposes, which would come from the proceeds of the sale of the Bonds ("Bond Funds") in the amount of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the amount of One Million Dollars (\$1,000,000) and funds of the School District currently available ("Local Funds") or any other source, all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.

4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is \$162,249,510, and valuation of each class of property within the School District is as follows:

Class I	\$ 6,868,872
Class II	77,151,133
Class III	66,849,095
Class IV	<u>11,380,410</u>
Total	<u>\$ 162,249,510</u>

5. The Board and the School District now has no outstanding bonded indebtedness. The unbonded indebtedness of the School District is for current expenses and can be paid from current levy funds. The maximum bonded indebtedness the Board may incur is \$8,000,000. Accordingly, Bonds in the amount of \$2,100,000 being less than five percent (5%) of the value of such taxable property as ascertained by the last assessments thereof for State and County taxes, while taking into account the School District's outstanding bonded indebtedness, may be issued and sold without violating any constitutional or statutory provision.

6. Bonds in the denomination of \$5,000.00 each, or integral multiples thereof, aggregating up to \$2,100,000 should be issued and sold, the proceeds of which shall be used for the projects hereinafter described, provided, however, that in the event that any part of the Bond proceeds should not be needed for completion of the projects, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to date of purchase or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified; and, provided, further, the Board shall have the authority to pay matured interest and the principal amount of any matured Bonds from Bond proceeds until levy money is available to pay the same and thereafter, the Bond proceeds expended for this purpose shall be reimbursed from levy money collected.

7. The question of incurring said debt and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of the School District at the primary election to be held on the 27th day of February, 1999, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Monroe County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Monroe County, West Virginia in connection with said special election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of seven percent (7.00%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon); and the Bonds shall be payable for a maximum term of fifteen years six months (15.50 years) from the date thereof.

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

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

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>	
Peterstown Elementary School Construction of an eight classroom addition, an indoor play area and expand kitchen and dining area at current structure.	Peterstown, WV	Bond Funds:	\$ 978,908
		SBA Funds:	1,000,000
		Local Funds:	<u>100,000</u>
		Total Cost:	\$2,078,908

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

Upon Class I Property approximately	5.37 cents
Upon Class II Property approximately	10.74 cents
Upon Class III Property approximately	21.48 cents
Upon Class IV Property approximately	21.48 cents

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

13. If the debt represented by this Bond issue shall be approved by the voters, such Bonds, together with all existing bonded indebtedness heretofore incurred under Section 1, Article X, of the Constitution, will not exceed in the aggregate five percent (5%) of the taxable property in the School District ascertained in accordance with Sections 8 and 10, Article X, of the Constitution of this State and will be payable from a direct annual tax levied and collected in each year on all taxable property in said School District, sufficient to pay the principal and interest maturing on said Bonds in each year, which maximum rates are provided for tax levies for school districts on the several classes of property in Section 1, Article X of the Constitution, but in the same proportions as such maximum rates are levied outside the limits fixed by Section 1, Article X of the Constitution.

14. If the debt and Bonds submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment", and the enabling legislation enacted by the Legislature of West Virginia Regular Session, 1951, amending and reenacting Sections 3 and 4, Article 1, Chapter 13, of the Code, and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1959, amending and reenacting Section 4 and adding Section 34, Article 1, Chapter 13, of the Code, levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies, said levies herein provided shall be levied and allocated each year for the purposes of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the School District, and the Board does further find that after laying and allocating said special levies for payment of principal and interest requirements of said Bonds, there will be, out of the levies authorized by law and apportioned for current expenses, a sufficient levy authorized by law which, when added to other income, will be sufficient to carry out the proper requisite functions of said Board and of said School District.

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

After careful study and due deliberation, the Board finds that available funds are insufficient for the payment of general current expenses and for correcting deficiencies in school building facilities. Wherefore the Board orders the submission to the voters of Monroe County at the primary election to be held on February 27,

1999, of the question of whether the Board should incur debt and issue Bonds in an amount not to exceed \$2,100,000 for the purposes set forth in this order.

1. The commissioners and clerks appointed and certified for the purpose of the election shall be the same commissioners and clerks designated, appointed and certified by the County Commission and as adopted by a supplemental order of this Board.

2. Notice of this question shall be given by publication of this Order at least once each week for two (2) successive weeks before the election and within fourteen (14) consecutive days next preceding the election in The Monroe Watchman which (is) a newspaper of general circulation in the School District.

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

OFFICIAL BALLOT
 MONROE COUNTY BOARD OF EDUCATION
 SCHOOL BOND ELECTION
 February 27, 1999

Shall the Board of Education of the County of Monroe incur debt and issue bonds in the amount of \$2,100,000, maturities on such bonds to run not more than fifteen years six months (15.50 years) from the date of such bonds, with interest not exceeding the rate of seven percent per annum (7.00%), payable semiannually, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping school buildings, facilities and structures in the Monroe County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
Peterstown Elementary School Construction of an eight classroom addition, an indoor play area and expand kitchen and dining area at current structure.	Peterstown, WV	Bond Funds: \$ 978,908 SBA Funds: 1,000,000 Local Funds: 100,000 Total Cost: \$2,078,908
Peterstown Middle School Expand kitchen facilities and improve HVAC, repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$593,092
Monroe County Technical School Replace existing roof with new 19,000 sq. ft. bitumen roofing.	Lindside, WV	Bond Funds: \$100,000
James Monroe High School Complete interior of Auxiliary Gymnasium, including installation of hardwood floor, lights and improve ventilation and air flow and other equipment and furnishings.	Lindside, WV	Bond Funds: \$175,000
Mountain View Elementary/Middle School Provide equipment and furniture	Union, WV	Bond Funds: \$100,000
Bus Garage Replacement	Union, WV	Bond Funds: \$ 100,000 Project Costs: \$ 3,147,000 Costs of Issuance: 53,000 SBA Funds: (1,000,000) Local Funds: (100,000) Total Proposed Bond Call: \$2,100,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the sum of One Million Dollars

(\$1,000,000) and Local Funds in the sum of One Hundred Thousand Dollars (\$100,000) with the total amount to be expended by the Board from all sources, being a sum in the approximate amount of Three Million Two Hundred Thousand Dollars (\$3,200,000).

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

Yes. (For the Bond Issue.)

No. (Against the Bond Issue.)

NOTICE TO VOTERS: To vote in favor of the proposition (for the Bond Issue) submitted on this ballot, mark an "X" in the box next to "Yes."

To vote against the proposition (against the Bond Issue), mark an "X" in the box next to "No".

4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby designated and appointed as an agent of this Board for this election, are hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code, and perform all duties imposed by law upon clerks of the County Commission and Circuit Court in relation to primary, general and special elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code.

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

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

Adopted on the 30th day of December, 1998
~~January, 1999.~~

THE BOARD OF EDUCATION OF THE COUNTY
OF MONROE

By: Steve Milby
President

By: Edward W. Peel
Member

By: Henry G. Neal
Member

By: Robert R. Weikel
Member

By: Evelyn O. Henderson
Member

ATTEST:

Lynn King
Secretary

Given under my hand this 30th day of December, 1998
~~January, 1999.~~

Lynn King
Secretary of the Board of Education of the County
of Monroe.

CERTIFICATION

I, Lyn Guy, Secretary of the Board of Education of the County of Monroe, West Virginia, do hereby certify that the attached is a true and accurate copy of Resolutions and Orders adopted December 30, 1998.

Dated this 29th day of April, 1999.



Lyn Guy/Superintendent
and Secretary of the Board

[SEAL]

	Paid	Pre	Affiliation	Name	Address	City	State	Zip Code	Social Sec #	Phone	Position	Supplies
1	76.16	1	Democrat	Marcella Smith	Rt. 1 Box 273	Alderson	WV	24910 232-48-4510	445-7619	Clerk	pick up Supplies/Open Polls	
2	60.00	1	Democrat	Juanita Carter	Rt. 1 Box 276	Alderson	WV	24910 232-62-6994	445-2141	Commissioner		
3	60.00	1	Democrat	James Huffman	HC 75 Box 48	Alderson	WV	24910 232-62-1714	832-6325	Commissioner		
4	76.16	1	Republican	Wanda Bradley	Rt. 1 Box 291	Alderson	WV	24910 236-62-7077	445-7356	Commissioner		
5	60.00	1	Republican	Michael Bradley	Rt. 1 Box 299C	Alderson	WV	24910 236-21-2717	445-2760	Clerk	pick up Supplies	
6												
7	88.05	3	Democrat	Elmer Falls, Jr.	HC 75 Box 39	Sinks Grove	WV	24976 232-27-9323	445-2101	Commissioner	pick up Supplies/Open Polls	
8	60.00	3	Democrat	Virginia Falls	HC 75 Box 39	Sinks Grove	WV	24976 232-54-5456	445-2101	Clerk		
9	60.00	3	Democrat	Darrell Crox	HC 75 Box 50B	Wolf Creek	WV	24983 232-76-2128	445-7784	Commissioner		
10	87.32	3	Republican	Dean Kelfer	Rt. 1 Box 15 B	Alderson	WV	24910 236-44-4060	445-2824	Clerk	pick up Supplies	
11	60.00	3	Republican	Ann Eskins	P.O. Box 516	Alderson	WV	24910 236-66-2155	445-7565	Commissioner		
12												
13	70.58	5	Democrat	Jannina Walkie	Rt. 1 Box 113A	Union	WV	24983 232-46-6932	832-5549	Commissioner	pick up Supplies	
14	60.00	5	Democrat	Maixne Keshner	Rt. 1 Box 155	Union	WV	24983 232-96-7606	772-3196	Commissioner		
15	70.00	5	Democrat	Charlotte Perce	Rt. 1 Box 121 N	Sarton	WV	24973 235-36-4833	832-6711	Clerk	Open Polls	
16	60.00	5	Republican	Bertie Walkie	Rt. 1 Box 130	Union	WV	24983 232-80-3611	832-6484	Commissioner		
17	70.58	5	Republican	Emogene Doster	Rt. 1 Box 125	Union	WV	24983 232-78-4617	832-6679	Clerk	pick up Supplies	
18												
19	60.00	7	Democrat	Sherri L. Jenkins	Rt. 2 Box A-10	Sinks Grove	WV	24976 287-24-9595	772-5738	Commissioner		
20	69.34	7	Democrat	Shawneela Seelinger	Rt. 2 Box 251	Pickaway	WV	24976 234-21-9306	645-5008	Clerk	pick up Supplies	
21	65.00	7	Democrat	Beverly L. Hunter	Rt. 2 Box 102	Sinks Grove	WV	24976 232-60-9878	772-5190	Commissioner	pick up Supplies	
22	69.34	7	Republican	Lucille Lemons	Rt. 2 Box 5A	Sinks Grove	WV	24976 234-78-8440	647-3112	Clerk		
23	60.00	7	Republican	Lisa White	Rt. 2 Box 103A	Sinks Grove	WV					
24												
25	96.92	8	Democrat	Frances Bostic	Rt. 2 Box 68D	Sinks Grove	WV	24976 234-78-9758	772-5450	Clerk	pick up Supplies/Open Polls	
26	60.00	8	Democrat	Deanne Hoke	HC 83 Box 105	Union	WV	24983 236-08-3714	772-3186	Commissioner		
27	60.00	8	Democrat	Freda Deskins	Rt. 2 Box 90	Sinks Grove	WV	24976 234-26-7241	772-5725	Commissioner		
28	73.68	8	Republican	Dennis White	Rt. 2 Box 50A	Sinks Grove	WV	24976 236-68-4196	772-5228	Commissioner	pick up Supplies	
29	60.00	8	Republican	Cheryl Hunter	HC 83 Box 121	Union	WV	24983 233-11-1585	772-3069	Clerk		
30												
31	67.48	12	Democrat	Isidell Holt	Rt. 1 Box 24A	Union	WV	24983 233-18-4853	772-3473	Clerk	pick up Supplies	
32	60.00	12	Democrat	Edith Runyon	Rt. 6 Box 8E	Union	WV	24983 237-05-2986	772-3155	Commissioner	Danny Dunbar will open polls	
33	60.00	12	Democrat	Dorothy Lipscomb	65 Longview Dr.	Union	WV	24983 233-18-4853	772-5478	Commissioner		
34	71.20	12	Republican	Uean Atkins	HC 83 Box 36	Union	WV	24983 231-54-9948	772-5708	Clerk	pick up Supplies	
35	60.00	12	Republican	Mary Plumley	HC 76 Box 9C	Union	WV					
36												
37	60.00	13	Democrat	Patricia Beiler	P.O. Box 217	Union	WV	24983 233-50-2655	772-5682	Commissioner		
38	71.55	13	Democrat	Glenn Riffe	Rt. 1 Box 22	Union	WV	24983 233-04-0344	772-3282	Clerk	Open Polls/pick up Supplies	
39	60.00	13	Democrat	Tim Wilson	Box 744	Union	WV					

	Paid	Prei	Affiliation	Name	Address	City	State	Zip Code	Social Sec. #	Phone	Position	Supplies
79	73.37	30	Democrat	Nancy Wilkins	P. O. Box 538	Peterstown	WV	24963 227-24-3690	753-4828	753-4828	Commissioner	Pick Up Supplies
80	60.00	00	Democrat	Wanda Rorer	Rt. 1 Box 275	Peterstown	WV	24963 225-74-6228	753-4250	753-4250	Commissioner	Pick Up Supplies
81	60.00	30	Democrat	Loretta Gibson	P. O. Box 45	Ballard	WV	24918 235-53-9637	753-4046	753-4046	Clerk	Lloyd Bennett will open polls
82	60.00	30	Democrat	Nell Ball	Rt. 2 Box 12	Peterstown	WV	24963 234-10-8136	753-4607	753-4607	Clerk	
83	73.37	30	Republican	Lawrence Munsey	Box 186	Peterstown	WV	24963 236-32-2812	753-9771	753-9771	Commissioner	Pick Up Supplies
84												
85	86.70	31	Democrat	Judith Mann	Rt. 1 Box 3	Ballard	WV	24918 233-70-0728	753-9087	753-9087	Clerk	Pick Up Supplies/Open Polls
86	60.00	31	Democrat	Lune Hodges	HC 77	Ballard	WV	24918 222-77-4475	753-4865	753-4865	Commissioner	
87	60.00	31	Democrat	Karen Hodges	Rt. 1 Box 121	Ballard	WV	24918 2283-52-4587	753-9110	753-9110	Commissioner	
88	60.00	31	Republican	Durra Spangler	HC 77 Box 1-A	Ballard	WV	24918 227-84-7211	753-9387	753-9387	Clerk	
89	86.70	31	Republican	Senga Compton	HC 77 Box 128-A	Ballard	WV	24918 235-74-7075	753-5204	753-5204	Commissioner	Pick Up Supplies
90												
91	60.00	32	Democrat	Sarah Bowers	Rt. 1 Box 104	Lindside	WV	24951 236-24-6206	753-9385	753-9385	Clerk	
92	60.00	32	Democrat	Pat Powell	Rt. 81 Box 39	Lindside	WV	24951 235-60-7763	753-4486	753-4486	Commissioner	
93	85.85	32	Democrat	Shirley Jackson	Rt. 2 Box 100	Greenville	WV	24945 233-68-9653	753-9158	753-9158	Commissioner	Pick Up Supplies/Open Polls
94	60.00	32	Republican	Minnie Johnson	HC 77 Box 26	Ballard	WV	24918 233-58-2887	753-9141	753-9141	Clerk	
95	82.36	32	Republican	Rachael Bennett	HC 77 Box 30	Ballard	WV	24918 235-54-8731	753-4877	753-4877	Commissioner	Pick Up Supplies
96												
97	105.30	33	Democrat	Nellie Akers	Rt. 1 Box 130	Peterstown	WV	24963 236-62-7020	753-6384	753-6384	Commissioner	Pick Up Supplies
98	85.00	33	Democrat	Bathy Bradley	Rt. 1 Box 130B	Peterstown	WV	24963 232-94-1332	753-9944	753-9944	Clerk	Open Polls
99	60.00	33	Democrat	Mattie McManhan	P. O. Box 123	Ballard	WV	24918 234-38-6171	753-4941	753-4941	Commissioner	
100	65.00	33	Republican	Virginia Long	Box 113	Ballard	WV	24918 236-82-0335	753-9164	753-9164	Clerk	Pick Up Supplies
101	60.00	33	Republican	Maude Spangler	HC 77 Box 20	Ballard	WV	24918 236-32-1124	753-4802	753-4802	Commissioner	
102												
103	60.00	34	Democrat	Dorothy Jones	HC 81 Box 28B3	Bozoo	WV	24963 229-44-2301	753-4811	753-4811	Commissioner	Harry Jones Open Polls
104	84.22	34	Democrat	Dreama Helm	HC 81 Box 29	Bozoo	WV	24963 233-70-0569	753-4658	753-4658	Commissioner	Pick Up Supplies
105	60.00	34	Democrat	Rebecca Kaluk	HC Box 100	Bozoo	WV	24963 235-68-6606	753-4130	753-4130	Clerk	
106	60.00	34	Republican	Hazel Kealley	Box 34	Bozoo	WV	24963 232-52-8932	753-4735	753-4735	Commissioner	
107	84.22	34	Republican	Larry Greco	HC 81 Box 38	Peterstown	WV	24963 231-66-6505	753-4539	753-4539	Clerk	Pick Up Supplies

MONROE COUNTY BOARD OF EDUCATION

RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, the Board of Education of the County of Monroe (the "Issuer"), has heretofore, on the 29th day of December, 1998, made and entered of record an order upon the question of authorizing bonds in the amount of Two Million One Hundred Thousand Dollars (\$2,100,000) to be issued and sold for the purpose of providing funds for making certain improvements in Monroe County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 27th day of February, 1999, at each of the legally established voting precincts in the District, for the purpose of ascertaining the will of the voters upon the question of whether or not said bonds should be issued. The result of said election, as shown by a canvass of the returns thereof made by The County Commission of Monroe County, sitting as The Board of Canvassers of the County of Monroe, on the 5th day of March, 1999, was One Thousand Two Hundred and Forty-Five (1,245) votes for and One Thousand Sixty-Four (1,064) votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, Fifty-Four and 00/100 percent (54.00%) voting upon said proposition at said election, voted for the issuance of said bonds; and

WHEREAS, the Issuer has accordingly determined to proceed with the issuance of bonds as hereinafter provided.

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

1. Bonds in the aggregate principal amount of \$2,100,000 (the "Bonds") shall be issued and sold, in denominations of \$5,000 or integral multiples thereof, the proceeds of which sale shall be used for the purposes hereinafter set forth, the sale of such Bonds to be made in whole, or from time to time in part, as the Issuer may, in its discretion, deem proper, advisable and in the best interests of the inhabitants of the District. Upon completion of the Project and payment therefor in full, any unused sum remaining from the sale of the Bonds shall be deposited with the West Virginia Municipal Bond Commission to be used for the purchase of any Bonds of this proposed issue outstanding at a price of not more than the par value thereof plus accrued interest to the date of such purchase or for the payment of the Bonds hereby authorized and the interest thereon at the maturities thereof.

2. The Bonds shall bear interest at a rate or rates not exceeding seven percent (7%) per annum, payable semiannually, on June and December 1, commencing December 1, 1999, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon), and the Bonds shall be payable in the principal amounts and shall mature as follows:

- Bonds in the amount of \$90,000 due and payable June 1, 2000;
- Bonds in the amount of \$100,000 due and payable June 1, 2001;
- Bonds in the amount of \$110,000 due and payable June 1, 2002;
- Bonds in the amount of \$115,000 due and payable June 1, 2003;
- Bonds in the amount of \$120,000 due and payable June 1, 2004;

- Bonds in the amount of \$125,000 due and payable June 1, 2005;
- Bonds in the amount of \$130,000 due and payable June 1, 2006;
- Bonds in the amount of \$135,000 due and payable June 1, 2007;
- Bonds in the amount of \$145,000 due and payable June 1, 2008;
- Bonds in the amount of \$150,000 due and payable June 1, 2009;
- Bonds in the amount of \$160,000 due and payable June 1, 2010;
- Bonds in the amount of \$165,000 due and payable June 1, 2011;
- Bonds in the amount of \$175,000 due and payable June 1, 2012;
- Bonds in the amount of \$185,000 due and payable June 1, 2013;
- Bonds in the amount of \$195,000 due and payable June 1, 2014.

3. At the option of the Board, the Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

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

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

Prior to the Date of Redemption, cash funds shall be placed with the Paying Agent to pay the principal amount of Bonds called, accrued interest thereon to the Date of Redemption and the required premium, if any. Upon the happening of the above conditions, the Bonds or portions thereof so designated for redemption shall become and be due and payable on the Date of Redemption at the applicable redemption price hereinabove specified, and from and after said date, unless default shall be made in the payment of the Bonds or portions thereof so

designated for redemption shall cease to accrue and interest coupons maturing after the Date of Redemption shall become void, and the same shall not be deemed to be outstanding.

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

4. Both the Bonds and the interest thereon shall be payable in lawful money of the United States of America at the Office of State Treasurer of West Virginia (the "Paying Agent"), as agent for the Issuer shall annually, at the levy term thereof, make up and lay a levy upon all taxable property within the District sufficient to provide funds for paying the interest on the Bonds as the same accrues and becomes payable and the principal thereof at maturity.

5. The Bonds shall be issued under the five percent (5%) limitation of the Better Schools Amendment and will be payable from a direct annual tax on all taxable property in the District, in the ratio, as between the several classes or types of such taxable property specified in Section 1, Article X of the Constitution, separate and apart from and in addition to all other taxes for all other purposes, sufficient to pay, annually, the interest of such debt and the principal thereof, within and not exceeding fifteen and one-half (15½) years, which may be levied outside the limits fixed by Section 1, Article X of the Constitution, and the Issuer covenants with the registered owners from time to time of the Bonds that the District shall include in its budget the amount of the debt service for each fiscal year of the District in which such sums are payable, shall appropriate such amount from its revenues for the payment of such debt service and shall duly and punctually pay or cause to be paid from its sinking fund or any other of its available revenues or funds the principal amount of each of the Bonds and the interest due thereupon at the date and place and in the manner stated therein, according to the true intent and meaning thereof, and, for such budgeting, appropriation and payment, subject to the limitations fixed by the District, shall and does pledge, irrevocably, its full faith, credit and taxing power.

6. It is hereby found and determined by the Issuer that the aggregate amount of such Bonds, to wit, Two Million One Hundred Thousand Dollars (\$2,100,000), together with all other bonds of the District currently outstanding, there being none, does not exceed or violate any provisions or limitations in any manner provided by the School Bond Amendment and the Better Schools Amendment.

7. The Bonds hereby authorized shall be exempt from all taxation by the State of West Virginia or any political subdivision thereof and shall contain the following recital: "It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

8. Each Bond shall be signed by and on behalf of the Issuer by its President and countersigned by its Secretary, and the corporate seal of the Issuer shall be affixed to each, which signatures and seal may be manual or by facsimile, and the Bonds herein authorized to be issued shall be upon the terms and in form or effect substantially as set forth in "Exhibit A", attached hereto as a part hereof. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution and Order unless and until the Registrar's Certificate of Authentication and Registration on such Bond, substantially in the form set forth in said "Exhibit A", shall have been manually executed by the duly appointed registrar for the Bonds (the "Registrar").

9. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Registrar.

10. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive holder of the Bonds ("Holder"), in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hand of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the books of the Registrar, by the registered owner thereof, in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privileges of exchanging Bonds or transferring the registered Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution and Order. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. Transfers and exchanges of Bonds shall be made by the Registrar without charge to the holder or the transferee thereof, except as provided below. For every such exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such tax or other governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds.

11. The Issuer shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) in excess of five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent (5%) of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

12. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

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

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

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

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

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

19. All officers, members and employees of the Issuer are hereby authorized, empowered and directed to do any and all things proper and necessary to cause valid Bonds to be issued as authorized by the voters of the District at the general election held on the 27th day of February, 1999, pursuant to the calling thereof, and to do all things proper and necessary to obtain the approval and sale of said Bonds, and no further authority shall be necessary to authorize any such officers or employees to give further assurance and do further acts as may legally be required by any individual or corporate purchaser of the Bonds hereby authorized or any of them.

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

record.

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

Adopted and entered of record this 18th day of March, 1999.

MONROE COUNTY BOARD OF EDUCATION

By: Steve Mills

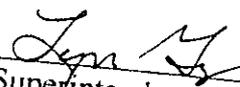
ATTEST:

Lyn Guy
Secretary

CERTIFICATION

I, Lyn Guy, Secretary of the Board of Education of the County of Monroe, West Virginia, do hereby certify that the attached is a true and accurate copy of Minutes of the March 18, 1999 meeting of the Board.

Dated this 29th day of April, 1999.



Lyn Guy, Superintendent
and Secretary of the Board

[SEAL]

1



STATE OF WEST VIRGINIA
 OFFICE OF THE ATTORNEY GENERAL
 CHARLESTON 25305

DARRELL V. MCGRAW, JR.
 ATTORNEY GENERAL

June 3, 1999

(304) 558-2021
 FAX (304) 558-0140

IN THE MATTER OF THE BOARD OF EDUCATION OF MONROE COUNTY,
 STATE OF WEST VIRGINIA
 \$2,100,000
 PUBLIC SCHOOL BONDS, SERIES 1999
 ATTORNEY GENERAL'S APPROVAL

At a special meeting of the Board of Education of the County of Hampshire, State of West Virginia, held on the 30th day of December 1998, an order was adopted and entered of record authorizing a vote to be taken of legal voters of the County of Monroe at a special election to be held on the 27th day of February 1999 upon all questions connected with the incurring of debt and issuing bonds in the aggregate principal amount of Two Million One Hundred Thousand Dollars (\$2,100,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used for the following purposes:

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
Peterstown Middle School Expand kitchen facilities and improve HVAC, repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$593,092
Monroe County Technical School Replace existing roof with new 19,000 sq. ft. bitumen roofing.	Lindside, WV	Bond Funds: \$100,000
James Monroe High School Complete interior of Auxiliary Gymnasium, including installation of hardwood floor, lights and improve ventilation and air flow and other equipment and furnishings.	Lindside, WV	Bond Funds: \$175,000
Mountain View Elementary/Middle School Provide equipment and furniture	Union, WV	Bond Funds: \$100,000

Bus Garage Replacement

Union, WV

Bond Funds:	\$ 100,000
Project Costs:	\$ 3,147,000
Costs of Issuance:	53,000
SBA Funds:	(1,000,000)
Local Funds:	<u>(100,000)</u>
Total Proposed Bond Call:	\$2,100,000

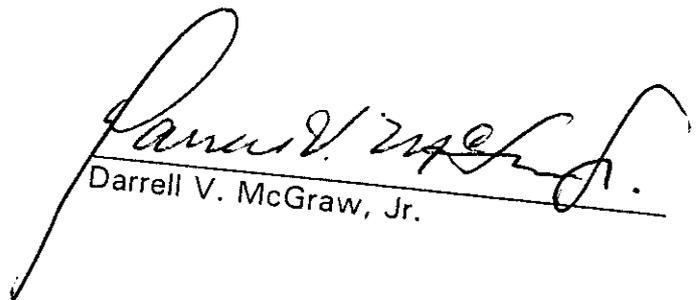
The Board of Education of the County of Monroe pursuant to the provisions of Chapter 13, Article 1, Section 25, of the West Virginia Code of 1931, as amended, has caused to be transmitted to me certified copies of all pertinent orders, ordinances, proclamations, certificates of valuation, notices, advertisements,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

It appears from the records so transmitted to me that with respect to the proposition of incurring debt and issuing bonds, as provided in said order, One Thousand Two Hundred Forty Five (1245) votes were cast for and One Thousand Sixty-Four (1064) 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.

Charleston, West Virginia

June 3, 1999


Darrell V. McGraw, Jr.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF MONROE
PUBLIC SCHOOL BONDS, SERIES 1999
(WEST VIRGINIA)

NO. R-1

INTEREST RATE
4.625%

MATURITY DATE
June 1, 2000

BOND DATE
July 1, 1999

\$90,000

CUSIP
610820 AA 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: Ninety Thousand and 00/100 Dollars

KNOW ALL MEN BY THESE PRESENTS: That THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, Monroe County, West Virginia, a public corporation created and existing under the laws of the State of West Virginia (the "Board"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the interest payment date preceding the date of authentication hereof or, if authenticated after the date preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date (as hereinafter defined) or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on July 1 and December 1 in each year, beginning December 1, 1999 (each an "Interest Payment Date"). The Treasurer of the State of West Virginia has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent for the Bonds (the "Paying Agent"). United National Bank, Charleston, West Virginia has been designated as registrar for the Bonds (the "Registrar"). The principal of this Bond is payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal office of the Registrar in Charleston, West Virginia; and interest on this Bond is payable by check or draft, mailed to

the Registered Owner at his address as it appears on the books of the Registrar on the 15th day of the month next preceding said Interest Payment Date (the "Record Date").

The Bonds are not subject to optional redemption prior to June 1, 2009. At the option of the Board, the Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

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

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

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

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

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

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

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

This Bond has been properly designated by the Board as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF MONROE has caused this Bond to be duly signed in its name and on its behalf

by its President and countersigned by its Assistant Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Resolution and Order, and has caused this Bond to be dated as of the Bond Date specified above.

THE BOARD OF EDUCATION OF THE
COUNTY OF MONROE

(SEAL)

Steve Mills

President

Lyn Gray

Secretary

CERTIFICATE OF
AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order, and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love, 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.

Dated: July 1, 1999.

UNITED NATIONAL BANK,
As Registrar

By: *K. J. Smith*
Vice President and Trust Officer

FURTHER PROVISIONS

This Bond is one of a series of bonds of the Board designated as "Public School Bonds, Series 1999" (the "Bonds"), issued by the Board in the aggregate principal amount of Two Million One Hundred Thousand Dollars (\$2,100,000). The Bonds were authorized to be issued by a majority of voters at a general election held on February 27, 1999. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Resolution and Order") duly adopted by the Board for the purpose of providing funds for the acquisition, construction, renovation and other capital expenditures of eight projects as permitted by law, with all necessary appurtenances, situated in Monroe County School District. The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers
unto _____

_____ the within Bond and does hereby irrevocably
constitute and appoint _____

to transfer the said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

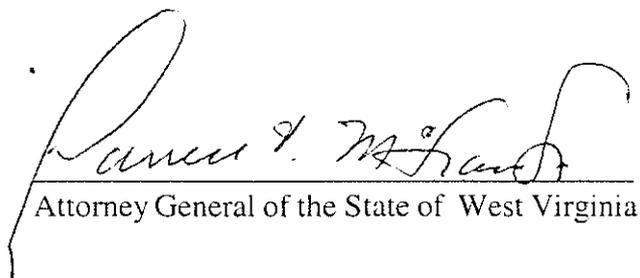
(Authorized Officer)

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

ATTORNEY GENERAL'S APPROVAL

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

WITNESS my hand this the 1st day of July, 1999.



Attorney General of the State of West Virginia

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2066
Reference No.: 969202

Steven J. Murphy
Managing Director
Public Finance Ratings

Standard & Poor's

A Division of The McGraw-Hill Companies



May 25, 1999

Ms. Lyn Guy
Superintendent
Monroe County Board of Education
P.O. Box 330
Union, WV 24983

Re: **\$2,100,000 The Board of Education of the County of Monroe, West Virginia, Public School Bonds, Series 1999, dated: June 1, 1999, due: June 1, 2000-2014**

Dear Ms. Guy:

Pursuant to your request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the *MEMORANDUM OF AGREEMENT* on the reverse side hereof, have assigned a rating of 'AA-' to the obligations. S&P views the outlook for this rating over the intermediate to longer term as stable.

Please note that the ongoing information required includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed and should be forwarded to:

*Standard & Poor's Ratings Services
Public Finance Secondary Market Surveillance
55 Water Street, Muni Drop Box No. 1, 38-2-2
New York, NY 10041-0003*

S&P relies on the issuer and its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating. In addition, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell these securities. Please note that the rating, as is the case with all of S&P's municipal ratings, does not address the likelihood that interest payable on the Bonds may be deemed or declared includable in the gross income of Bondholders by the relevant authorities at any time.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Thank you for choosing Standard & Poor's Ratings Services. If you have any questions, please contact us.

Very truly yours,

A handwritten signature in cursive script that reads "Steven J. Murphy".

md

cc: Ms. Marie L. Prezioso, Senior Vice President
Ferris, Baker, Watts, Inc.

THE BOARD OF EDUCATION OF THE COUNTY
OF MONROE, WEST VIRGINIA
\$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United National Bank
500 Virginia Street, East
Charleston, West Virginia 25301

Gentlemen:

There are delivered to you herewith:

1. Bonds Nos. R-1 through R-15, constituting the entire original issue of The Board of Education of the County of Monroe Public School Bonds, Series 1999, dated June 1, 1999, in the aggregate principal amount of \$2,100,000 (the "Bonds") executed by the President and Secretary of The Board of Education of the County of Hampshire (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on March 18, 1999 (the "Resolution");
2. A copy of the Resolution, duly certified by the Secretary of the Issuer;
3. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification information as requested by you (see below);
4. A signed, unqualified approving opinion of nationally recognized bond counsel designated by the Issuer and acceptable to the Original Purchaser.

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

Dated this 22nd day of July, 1999.

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

By Steve Miller
President

FILE COPY

BOOK-ENTRY-ONLY MUNICIPAL BONDS**Letter of Representations**

[To be Completed by Issuer and Agent]

THE BOARD OF EDUCATION
OF MONROE COUNTY, WEST VIRGINIA

[Name of Issuer]

UNITED NATIONAL BANK

[Name of Agent]

July 1, 1999

(Date)

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street; 49th Floor
New York, NY 10041-0099

Re: \$2,100,000 The Board of Education of the County of
Monroe [West Virginia], Public School Bonds,
Series 1999

(Issue Description)

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated March 18, 1999 (the "Document"). Ferris, Baker Watts, Incorporated
Financial Advisor
(("Underwriter"))
is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on July 22, 1999, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each \$150 million Bond certificate shall bear the following legend:

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

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor: Proxy
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager: Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager: Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (*e.g.*, tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

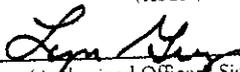
A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

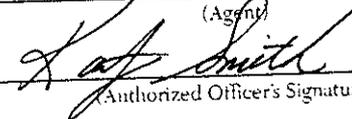
C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

THE BOARD OF EDUCATION OF MONROE COUNTY
(Issuer)

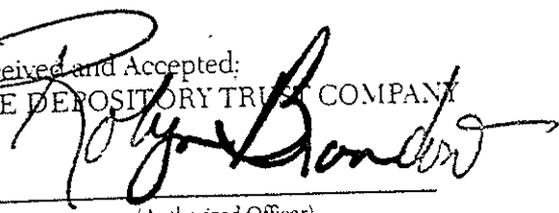
By: 
(Authorized Officer's Signature) Secretary

UNITED NATIONAL BANK
(Agent)

By: 
(Authorized Officer's Signature) Vice President

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: 
(Authorized Officer)

CC: Underwriter
Underwriter's Counsel

SCHEDULE A

(Describe Issue)

<u>CUSIP</u>	<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>RATE</u>	<u>YIELD</u>
610820 AA 0	June 1, 2000	\$ 90,000	4.625%	3.50%
610820 AB 8	June 1, 2001	100,000	4.75%	3.90%
610820 AC 6	June 1, 2002	110,000	4.75%	4.00%
610820 AD 4	June 1, 2003	115,000	4.75%	4.15%
610820 AE 2	June 1, 2004	120,000	4.75%	4.25%
610820 AF 9	June 1, 2005	125,000	4.75%	4.35%
610820 AG 7	June 1, 2006	130,000	4.75%	4.45%
610820 AH 5	June 1, 2007	135,000	4.75%	4.55%
610820 AJ 1	June 1, 2008	145,000	4.75%	4.60%
610820 AK 8	June 1, 2009	150,000	4.75%	4.65%
610820 AL 6	June 1, 2010	160,000	4.75%	4.70%
610820 AM 4	June 1, 2011	165,000	4.75%	4.72%
610820 AN 2	June 1, 2012	175,000	4.75%	4.75%
610820 AP 7	June 1, 2013	185,000	4.75%	4.78%
610820 AQ 5	June 1, 2014	195,000	4.80%	4.80%

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, WEST VIRGINIA
\$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Gary Pearson, Director, for and on behalf of First Union Capital Markets Corp. ("Purchaser"), and Benjamin Elkins, President, and Gerald Mathias, Secretary, of THE BOARD OF EDUCATION OF THE COUNTY OF MONROE (the "Issuer"), hereby certify as follows:

1. On the 22nd day of July, 1999, in New York, New York, the Purchaser received the entire original issue of \$2,100,000 in aggregate principal amount of The Board of Education of the County of Monroe Public School Bonds, Series 1999 (the "Bonds"). The Bonds, as so received on original issuance, are in various denominations, are dated July 1, 1999, and are numbered from R-1 to R-15, inclusive.

2. At the time of such receipt of the Bonds, all the Bonds had been executed by Steve Miller, President and Lyn Guy, Secretary, respectively, of the Issuer, by their respective facsimile signatures, and the official seal of the Issuer had been imprinted upon each Bond, and each Bond had been authenticated by United National Bank, as Registrar.

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

Total Bond Proceeds

Purchase Price (100% of par)	\$2,100,003.65
Interest Accrued from	
July 1, 1999, to date of delivery	<u>5,817.88</u>
TOTAL	\$2,105,821.53

Payment for the Bonds was made in Federal Funds in the amount of \$2,063,821.53 on the date hereof, plus \$42,000 previously paid in the form of a good-faith deposit for a total of \$2,105,821.53.

IN WITNESS WHEREOF, _____, Director of First Union Capital Markets Corp., duly signed and delivered this receipt on behalf of the Purchaser and THE BOARD OF EDUCATION OF THE COUNTY OF MONROE has caused this receipt to be executed by its President and Secretary, as of this 1st day of July, 1999.

FIRST UNION CAPITAL MARKETS CORP.

By: William A. Allright, VP

Its: Director

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

By: _____
Steve Miller, President

By: _____
Lyn Guy, Secretary

IN WITNESS WHEREOF, _____, Director of First Union Capital Markets Corp.,
duly signed and delivered this receipt on behalf of the Purchaser and THE BOARD OF EDUCATION OF THE
COUNTY OF MONROE has caused this receipt to be executed by its President and Secretary, as of this 1st day
of July, 1999.

FIRST UNION CAPITAL MARKETS CORP.

By: _____

Its: Director

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

By: Steve Miller
Steve Miller, President

By: Lyn Gay
Lyn Gay, Secretary

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE
(WEST VIRGINIA)
\$2,100,000 Public School Bonds, Series 1999

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

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

We, the undersigned PRESIDENT and SECRETARY of The Board of Education of the County of Monroe, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$2,100,000 aggregate principal amount of The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution and Order Directing Issuance of Bonds of the Issuer, adopted March 18, 1999 (the "Resolution").

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

3. AWARD OF BONDS; SIGNATURES: Pursuant to Chapter 13, Article 1 of the Code of West Virginia of 1931, as amended (the "Act"), the Bonds were advertised for sale and four (4) bids were received, the best bid being that of First Union Capital Markets Corp., all as appears from the minutes on award of the Bonds, a copy of which is delivered herewith. The Bonds were thereupon awarded to Salomon Smith Barney (the "Purchaser"), at the price of \$2,100,003.65, plus accrued interest to the date of delivery of the Bonds.

The Bonds were duly signed by the duly established facsimile signatures of the President and Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was imprinted thereon.

4. **DELIVERY AND PAYMENT:** The undersigned President did, on the date hereof, deliver to the Purchaser, the entire issue of the Bonds, in various denominations and numbered R-1 to R-15, inclusive.

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

Purchase Price	\$2,100,003.65
Plus Accrued interest from July 1, 1999	5,817.88
Less Good-Faith Deposit	(42,000.00)
Amount received at Bond Delivery	<u>2,063,821.53</u>
Total Received	\$2,105,821.53

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

Minutes (or excerpt) of various Board Meetings

Bond Election Order

Resolution and Order Directing Issuance of Bonds

Attorney General's Approval

Affidavit of Publication of Attorney
General's Approval

Bid of First Union Capital Markets Corp.

Certificate of Valuations

Copy of Letter of Clerk of Supreme Court of Appeals

Affidavits of Publication of Notice of Sale

Preliminary Official Statement

Official Statement

Specimen Bond

6. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since June 30, 1997, except as may be set forth in the Official Statement. There is no indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds or the acquisition, construction and equipping of the Project were authorized or adopted at meetings of the Board of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Issuer and all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia of 1931, as amended, and a quorum of duly elected, qualified and acting board members 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 Monroe" and it is a validly existing school board and public corporation of the State of West Virginia, and constitutes the governing body of Monroe County School District, in Monroe County of said State. The Issuer is composed of five (5) members. The names, offices and dates of commencement and termination of current terms of office of the members of the Issuer, are as follows:

<u>Name and Office</u>	<u>Date of Commencement Of Office</u>	<u>Date of Termination Of Office</u>
Steve Miller	07/01/96	06/30/00
Evelyn Hansbarger	07/01/98	06/30/00
Shirley Neel	07/01/98	06/30/02
Edward W. Pell	07/01/98	06/30/02
Robert Weikle	07/01/98	06/30/02

The duly appointed Superintendent and Secretary of the Issuer is Lyn Guy whose term expires June 30, 2000.

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

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

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

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF MONROE on this 1st day of July, 1999.

[CORPORATE SEAL]

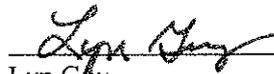
Signature

Official Title



Steve Miller

President



Lyn Gay

Secretary



Bowles Rice

Attorney for Issuer

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

\$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

TAX AND NON-ARBITRAGE CERTIFICATE OF ISSUER

I, Steve Miller, President of The Board of Education of the County of Monroe, Union, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$2,100,000 aggregate principal amount of Public School Bonds, Series 1999, of the Issuer, dated July 1, 1999, upon original issuance (the "Bonds"), hereby certify as follows:

ARTICLE I

PRELIMINARY MATTERS

Section 1.1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

Section 1.3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

Section 1.4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 1, 1999, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

Section 1.6. The Bonds were sold on July 8, 1999, to First Union Capital Markets Corp., New York, New York (the "Purchaser") upon competitive bid for an aggregate purchase price of \$2,100,003.65 (a premium of \$3.65) plus interest accrued from July 1, 1999 until delivery, in the amount of \$5,817.88 (total proceeds of \$2,105,821.53).

Section 1.7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition, construction, renovation and equipping of six (6) projects in Monroe County School District (the "Projects"), capitalizing interest on the Bonds and paying costs of issuance thereof.

ARTICLE II

THE PROJECTS AND USE OF BOND PROCEEDS

Section 2.1. No portion of the Projects will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

Section 2.2. All property financed with proceeds of the Bonds will be held by or on behalf of a qualified governmental unit, and the Projects will be operated solely for a public purpose as a governmental activity.

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

Section 2.4. No portion of the payments of principal or interest will be made, financed or secured by, directly or indirectly, by payments or property used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be secured, directly or indirectly, by (i) interests in property or (ii) payments in respect of such property, which property is used or to be used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be derived, directly or indirectly by payments (whether or not to the Issuer) in respect of property or borrowed money, used or to be used in any trade or business of any persons other than the Issuer.

Section 2.5. The Projects are used only in activities directly related to the Issuer's exempt purpose. No other person owns or uses the Projects to any material extent, including use through a management agreement, and neither the Issuer nor any other state or local government unit currently having ownership interest in the Projects will transfer ownership of the Projects while the Bonds are outstanding.

ARTICLE III

REBATES

Section 3.1. The Issuer certifies that it is exempt from the rebate requirements of the Code as it is an issuer with general taxing power which reasonably anticipates issuing no more than the \$2,100,000 in bonds during calendar year 1999 in order to assure the continued tax-exempt status.

ARTICLE IV

FEDERAL GUARANTEES

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

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

ARTICLE V

ARBITRAGE COVENANTS

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

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

Section 5.3. The Issuer shall, within 30 days following delivery of the Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Projects. Acquisition, construction and equipping of the Projects will commence on or prior to December 1, 1999, and will proceed with due diligence to completion, and, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon will be expended for payment of Costs of the Projects on or before June 1, 2001. Construction of the Projects is expected to be completed by July 1, 2001.

Section 5.4. The total cost of the Projects is estimated at \$2,100,000. The amount of Projects costs expected to be reimbursed or paid from sources other than proceeds of the Bonds and earnings thereon is estimated to be \$0. Except for the proceeds of the Bonds, and earnings thereon prior to their expenditure for costs of the Projects, no other funds of the Issuer will be available to meet costs of the Projects, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

(1) The sum of \$5,817.88 will be deposited in the Sinking Fund with the West Virginia Municipal Bond Commission (the "Commission") to pay accrued interest on the Bonds.

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

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

Section 5.7. Pursuant to the provisions of the Resolution and the laws of the State of West Virginia, the Issuer is obligated to make payments in amounts sufficient to provide for the payment of debt service on the Bonds when due. The Issuer will deposit tax revenues at least twice each year (in May and in November)

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

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

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

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

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

Section 5.12. The Issuer shall rebate to the United States the amounts required by the Code, and shall take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 5.13. The Issuer has general taxing powers to finance operations of or facilities of the nature of the Projects, and the Issuer and all subordinate entities reasonably expect to issue no more than

\$2,500,000 of tax-exempt bonds during the calendar year in which the Bonds are to be issued and, in fact have issued no other tax-exempt obligations during the current calendar year.

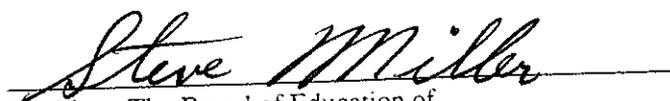
Section 5.14. The Issuer will take all further actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

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

Section 5.17. Bowles Rice McDavid Graff & Love, 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 the Bonds.

IN WITNESS WHEREOF, I have set my hand as of the 1st day of July, 1999.



President, The Board of Education of
the County of Monroe

80000 SERIES
10% P.C.W.



CERTIFICATE OF VALUATION

BOARD OF EDUCATION MONROE
(Levying Body) (County)

TO: ROBERT PHILLIPS (BUSINESS MANAGER/TREASURER)
(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County, do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for the assessment year 19 99.

	<u>Assessed Value</u> (Gross)	<u>Assessed Valuation</u> for <u>Tax Purposes</u> (Without Homestead)
CLASS I		
Personal Property		5,811,404
Public Utility Property		679,101
Total Class I		<u>6,490,505</u>
CLASS II		
Real Estate	104,583,040	79,426,018
Personal Property	1,430,358	1,264,530
Total Class II	<u>106,013,398</u>	<u>80,690,548</u>
CLASS III		
Real Estate	28,397,597	17,560,522
Personal Property	32,832,683	32,832,683
Public Utility Property	20,730,746	20,730,746
Total Class III	<u>81,961,026</u>	<u>71,123,951</u>
CLASS IV		
Real Estate	7,117,722	4,223,982
Personal Property	3,948,210	3,948,210
Public Utility Property	2,841,236	2,841,236
Total Class IV	<u>13,907,168</u>	<u>11,013,428</u>
TOTAL FOR LEVYING BODY	<u><u>208,372,097</u></u>	<u><u>169,318,432</u></u>

Given under our hands this 13rd day of MARCH 19 99

David J. Evans Ronald S. Williams
County Clerk Assessor

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

White Copy - Levying Body
Yellow Copy - Tax Dept.
Pink Copy - Retain
Photocopy
Board of Ed. only - State Dept. of Ed.

This is a three part form: When completed, submit white copy to the levying body, yellow copy to the Department of Tax and Revenue, Chief Inspector Division, P.O. Box 3102, Charleston, WV 25331-3102, and retain the pink copy for your office file. A photocopy of the Board of Ed. only should be forwarded to the State Dept. of Education.

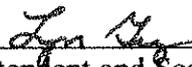
THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, WEST VIRGINIA
\$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

CERTIFICATE OF BONDED INDEBTEDNESS

I, Lyn Guy, Superintendent of Schools of the County of Monroe and Secretary of the Board of Education of said County, hereby certify that the Monroe County School District had no outstanding bonded indebtedness as of December 30, 1998, the date on which said Board entered an order submitting the question of issuance of \$2,100,000 Public School Bonds to an election (which election was held on February 27, 1999, and resulted in approval by the voters of Monroe County School District of issuance of such Bonds).

The assessed valuation of taxable property in Monroe County School District at said date was \$162,249,510 and five percent (5%) thereof is \$8,000,000.

WITNESS my signature and the seal of said Board on this the 1st day of July, 1999.



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

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, WEST VIRGINIA
\$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

PURCHASER'S CERTIFICATE

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

(a) All of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated July 8, 1999, relating to the Bonds, including interest accrued on the Bonds from July 1, 1999. We have made a bona fide public offering of all Bonds at the public offering price.

(b) To the best of our knowledge, based on our records and other information available to us which we believe to be correct, at least ten percent (10%) of each maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement, including interest accrued on the Bonds from July 1, 1999. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Bonds from July 1, 1999.

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

Dated as of July 22, 1999.

FIRST UNION CAPITAL MARKETS CORP.

By: William A. Albright
Its: VP

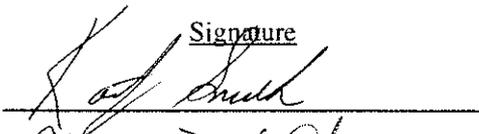
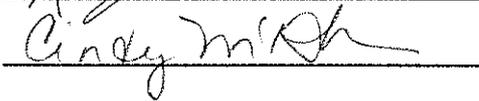
THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, WEST VIRGINIA
 \$2,100,000 PUBLIC SCHOOL BONDS, SERIES 1999

REGISTRAR AND AUTHENTICATING AGENT'S CERTIFICATE

The undersigned, Vice President of United National Bank, Charleston, West Virginia, (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds"):

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated July 1, 1999, by and between The Board of Education of the County of Monroe (the "Issuer") and the Bank (the "Agreement").

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

<u>Title</u>	<u>Name</u>	<u>Signature</u>
Vice President	Kathy Smith, CCTS	
Vice President	Cindy McGhee	

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

4. The undersigned has received on or prior to the date hereof a direction on behalf of the Issuer to authenticate and deliver the Bonds to First Union Capital Markets Corp. as original purchase thereof.

5. The Bank has received from the Issuer on the date hereof the Bonds, in the respective numbers and denominations, maturing on June 1 of such years, and bearing interest at such rates, all as set forth in the Official Statement dated July 2, 1999, relating thereto. At the time of such receipt, each of the Bonds had been executed by the facsimile signature of the President and the seal of the Issuer had been impressed or affixed thereto and attested by the facsimile signature of the Attorney General of the State of West Virginia.

6. The Bank has duly authenticated the Bonds originally issued as of July 1, 1999, by manually executing on each of such Bonds a certificate in the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Resolution and Order and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Imprinted on the reverse hereof is the complete text of the opinion of Bowles Rice McDavid Graff & Love, 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.

UNITED NATIONAL BANK

By: _____
Kathy Smith
Vice President

Dated: July 1, 1999 _

WITNESS MY SIGNATURE this the 1st day of July, 1999.

By:  _____
Cindy McGhee
Vice President

BOWLES RICE
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1200 WORLD TRADE CENTER
333 WEST VINE STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-225-8700

WRITERS DIRECT DIAL NUMBERS

E MAIL

July 22, 1999

The Board of Education of the
County of Monroe
Union, West Virginia 24983

Re: \$2,100,000 The Board of Education of Monroe County (West Virginia) Public
School Bonds, Series 1999

Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of \$2,100,000 Public School Bonds, Series 1999 (the "Bonds"), of Monroe County School District, by and through The Board of Education of the County of Monroe (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated July 1, 1999, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of \$5,000 or integral multiples thereof, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 1999, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	90,000	4.625%
2001	100,000	4.75%
2002	110,000	4.75%
2003	115,000	4.75%
2004	120,000	4.75%
2005	125,000	4.75%
2006	130,000	4.75%
2007	135,000	4.75%
2008	145,000	4.75%
2009	150,000	4.75%
2010	160,000	4.75%
2011	165,000	4.75%
2012	175,000	4.75%
2013	185,000	4.75%
2014	195,000	4.80%

BOWLES RICE
MCDAVID GRAFF & LOVE, PLLC

The Board of Education of the
County of Monroe
July 22, 1999
Page 2

The Bonds were authorized at the special election held in the Monroe County School District on February 27, 1999 and by a Resolution and Order adopted by the Issuer (the "Resolution") on December 30, 1998, and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation and repair of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Monroe County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

1. The Issuer is a school district presently existing under the laws of, and a political subdivision of, the State of West Virginia, with full power and authority to adopt the Resolution and to issue and sell the Bonds under the provisions of the Act and other applicable provisions of law.
2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has power and is obligated to levy ad valorem taxes upon all the taxable property within the Monroe County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.
3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the reported income or earnings and profits of such corporate holder. The opinions set forth in the preceding sentence are

BOWLES RICE
MCDAVID GRAFF & LOVE, PLLC

The Board of Education of the
County of Monroe
July 22, 1999
Page 3

subject to the condition that the Issuer comply, on a continuing basis, with all representatives, covenants and certifications set forth in the Resolution and the Tax Certificate of the Issuer. Failure to comply with such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), and has covenanted that it does not reasonably expect to issue, together with subordinate entities more than \$10,000,000 of tax-exempt obligations (other than private bonds) during the calendar year 1999. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provisions of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

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

In expressing this opinion, we have considered the litigation instituted in certain states including the State of West Virginia, such as Pauley v. Bailey, 324 S.E.2d 128 (W.Va. 1984) challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and, in our opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monroe 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.

Very truly yours,

Bowles Rice David Graff & Love, PLLC

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TELEPHONE 606-225-8700

WRITER'S DIRECT DIAL NUMBERS

E-MAIL

July 22, 1999

The Board of Education of the
County of Monroe
Union, West Virginia 24983

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$2,100,000 aggregate principal amount of Public School Bonds, Series 1999 (the "Bonds"), of The Board of Education of the County of Monroe (the "Issuer"), and a "Tax and Non-Arbitrage Certificate of Issuer" executed by the President of the Issuer on this date.

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

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

The opinions set forth above are subject to the conditions that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance

BOWLES RICE
MCDAVID GRAFF & LOVE, PLLC

The Board of Education of the
County of Monroe
July 22, 1999
Page 2

of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for Federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

Bowles Rice / David Graff & Love, PLLC

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TELEPHONE 606-225-8700

E-MAIL

July 22, 1999

The Board of Education of the
County of Monroe
Union, West Virginia 24983

Re: \$2,100,000 The Board of Education of the County of Monroe (West Virginia)
Public School Bonds, Series 1999

Ladies and Gentlemen:

We are Special Counsel to the Board of Education of the County of Monroe, West Virginia (the "Board") with respect to the issuance and sale of its \$2,100,000 Public School Bonds, Series 1999 (the "Bonds").

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

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

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

2. The Bonds have been duly authorized, executed and delivered by, and the Resolution has been duly adopted by, and each constitutes a legal, valid and binding agreement and obligation of the Board, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights from time to time in effect and except that no opinion is expressed

BOWLES RICE
MCDAVID GRAFF & LOVE, PLLC

The Board of Education of the
County of Monroe
July 22, 1999
Page 2

as to the enforceability of Section 3 of the Registrar's Agreement insofar as the provisions thereof require the Board to indemnify and hold harmless the Paying Agent in certain circumstances.

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

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

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

6. No action, suit, proceeding, inquiry or investigation, at law or in equity, before

BOWLES RICE
MCDAVID GRAFF & LOVE, PLLC

The Board of Education of the
County of Monroe
July 22, 1999
Page 3

or by any court, regulatory agency, public board or body, is pending or, to our knowledge, threatened in any way questioning or affecting the existence of the Board, or the titles of the officers and members of the Board to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the collection or application of the ad valorem taxes of Monroe County, West Virginia and any other assets pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or any action of the Board, contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or contesting the powers or authority of the Board, with respect to the issuance, sale or delivery of the Bonds, the adoption of the Resolution, or the execution and delivery of the Bonds, or any action on the part of the Board, which would adversely affect the exemption of interest to be paid on the Bonds from federal income taxation, nor to our knowledge is there any basis therefor.

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

Very truly yours,

Bowles Rice / *David Graff & Love, PLLC*

MONROE COUNTY BOARD OF EDUCATION
Reconvened Meeting of July 6, 1999
July 8, 1999
12:30 P.M.
Board of Education Office

Roll Call:

Steve Miller, President
Ed Pell
Evelyn Hansbarger
Shirley Neel
Robert Weikle - Absent

The meeting was called to order at 12:30 p.m. by President Steve Miller with Superintendent Guy participating via teleconference from Charleston, WV at the offices of Ferris, Baker Watts, Inc. The purpose of the meeting was to open and to consider bids to purchase the \$2,100,000 Public School Bonds, Series 1999 to be issued by the Board and to authorize the sale of the Bonds to the low bidder.

Marie L. Prezioso of Ferris, Baker Watts, Inc. and Edward D. McDevitt of Bowles Rice McDavid Graff & Love, PLLC, were present by conference call. Lyn Guy read the name of the low bidder for the purchase of the Bonds along with the blended interest rate for the entire issue to the Board members.

Bid Acceptance:

Ms. Hansbarger moved: to accept the low bid of First Union Capital Markets and authorized Lyn Guy to sign the official, formal bid proposal which was stated at 4.75%. The motion was seconded by Mrs. Neel and passed. Motion carried with all members present voting in favor of the motion (4-0).

Adjournment:

Ms. Hansbarger moved: To adjourn the meeting at 12:35 p.m. The motion was seconded by Mr. Pell.


Secretary


President

OTHERS PRESENT:

Marie Prezioso
Edward D. McDevitt
Robert Phillips

MONROE COUNTY BOARD OF EDUCATION
SPECIAL MEETING
December 30, 1998

Board of Education Office

Roll Call:

Steve Miller, President
Ed Pell
Evelyn Hansbarger
Shirley Neel
Robert Weikle

Bond Call:

Ms. Hansbarger moved: To make the following additions/changes to the bond call as it was executed for the November 3 election. The motion was seconded by Mr. Pell and passed.

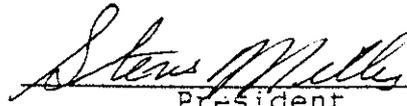
1. A clear statement in the bond call and especially on the ballot stating that the Board may spend funds raised only for the projects listed. Should a project's budget not use the full amount allocated, the remaining amount may revert to any one of the other projects, with any excess money in the call to be allocated to "renovations, equipment and furniture at Peterstown Middle School."
2. Added under the Peterstown Middle School project--"including furniture and equipment as funds will allow."
3. Under Peterstown Elementary School

Bond Funds	978,908
SBA Funds	1,000,000
Local Funds	100,000
TOTAL	\$2,078,908
4. Mountain View Elementary/Middle, project should be described as "Equipment and Furnishings." Amount should be reduced to \$100,000.
5. \$100,000 to replace bus garage
6. Funding for Peterstown Middle School should be raised to include the subtracted amount from Mountain View (\$39,831) any remaining amount needed to round off the bond call to exactly \$2,100,000.

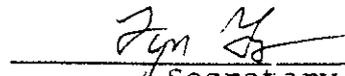
Further discussion involved direction to the superintendent to have the County Commission run the election.

Adjournment:

Mr. Weikle moved: That the meeting adjourn at 8:25 p.m. The motion was seconded by Mrs. Neel and passed.



President

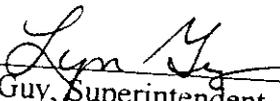


Secretary

CERTIFICATION

I, Lyn Guy, Secretary of the Board of Education of the County of Monroe, West Virginia, do hereby certify that the attached is a true and accurate copy of Minutes of the December 30, 1998 meeting of the Board.

Dated this 29th day of April, 1999.



Lyn Guy, Superintendent
and Secretary of the Board

[SEAL]

MONROE COUNTY BOARD OF EDUCATION
REGULAR MEETING
Postponed from March 15 until March 18, 1999

Peterstown Middle School
7:30 PM

Roll Call:

Steve Miller, President
Ed Pell
Evelyn Hansbarger
Shirley Neel - ABSENT
Robert Weikle

Dispense With Reading of Minutes:

Ms. Hansbarger moved: To dispense with the reading of the minutes of the meeting held March 2. The motion was seconded by Mr. Weikle and passed.

Approval of Minutes:

Mr. Weikle moved: To approve the minutes of the meeting March 2. The motion was seconded by Ms. Hansbarger and passed.

Delegations:

Chris Booth, President of Peterstown Middle School Improvement Council, and James Gore, Principal, both entertained and informed the board about activities at their school.

Linda Williams, Guidance Counselor, introduced students participating in a project to provide a puppet show to elementary children on Beginning Alcohol & Addictions Basic Education Studies (BABES), a primary prevention program.

Sixth grade science students displayed their projects on the solar system and discussed what they had learned in class. Art displays also lined the wall of the cafeteria.

Jim Hunter, Clerk of the Works, discussed the progress on Mountain View School.

Supplements/Transfers:

Mr. Weikle moved: To approve the following supplements/transfers. The motion was seconded by Mr. Pell and passed.

Bills:

Mr. Weikle moved: To make the February bills a part of the record. The motion was seconded by Ms. Hansbarger and passed.

Student Transfer Request:

Mr. Pell moved: To grant permission for Zackery Crisman to attend Monroe County Preschool. The motion was seconded by Mr. Weikle and passed.

Bond Resolution:

Mr. Pell moved: To approve the bond resolution as presented. The motion was seconded by Ms. Hansbarger and passed.

Canvass of Bond Election:

Mr. Weikle moved: To approve the bond election canvass of March 5. The motion was seconded by Ms. Hansbarger and passed.

Student Expulsion:

Ms. Hansbarger moved: To expel Crystal Adwell from James Monroe High School for the remainder of the year. The motion was seconded by Mr. Pell and passed.

Head Start Grant:

Mr. Weikle moved: To approve the Head Start grant as presented. The motion was seconded by Ms. Hansbarger and passed.

Extra-Curricular:

Mr. Weikle moved: To approve the following extra-curricular personnel for Mountain View School. The motion was seconded by Mr. Pell and passed.

Wayne Dent, Football/Assistant Boys Basketball Coach; David Johnson, Assistant Football/Boys Basketball/Baseball Coach; Gavin Copeland, Assistant Football Coach (\$1.00); Linda Coffman, Girls Basketball/Volleyball Coach; Libby Guy, Cheer Coach

Transfers:

Mr. Weikle moved: To approve the following transfers. The motion was seconded by Ms. Hansbarger and passed.

Marie Munsey, From Head Start Aide/Home Visitor to Family/Community Provider; Elizabeth Robertson, Spec. Ed. Aide/Bus Aide/Peterstown Elem. to Spec. Education Aide/Mountain View; Frances Pence, From Cook III to Cook II, James Monroe; Jack Via, From Custodian/Peterstown Middle to James Monroe [evening shift].

Temporary Maintenance Foreman:

Mr. Pell moved: To place George Munsey as temporary maintenance foreman, effective immediately until June 30, 1999. The motion was seconded by Mr. Weikle and passed. Against: Ms. Hansbarger

Discussion & Information:

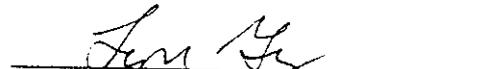
Special Meeting/Transitions to New School; Property Insurance;
Truck; Meeting with Miss Rupp/Bible Class; Biography Information on
Board Members; Baker vs Monroe

Adjournment:

Mr. Weikle moved: That the meeting adjourn at 9:30 p.m. The motion
was seconded by Ms. Hansbarger and passed.



President

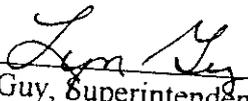


Secretary

CERTIFICATION

I, Lyn Guy, Secretary of the Board of Education of the County of Monroe, West Virginia, do hereby certify that the attached is a true and accurate copy of Resolutions and Orders adopted March 18, 1999.

Dated this 29th day of April, 1999.



Lyn Guy, Superintendent
and Secretary of the Board

[SEAL]

OFFICIAL BALLOT
MONROE COUNTY BOARD OF EDUCATION
SCHOOL BOND ELECTION
February 27, 1999

Shall the Board of Education of the County of Monroe incur debt and issue bonds in the amount of \$2,100,000, maturities on such bonds to run not more than fifteen years six months (15.50 years) from the date of such bonds, with interest not exceeding the rate of seven percent per annum (7.00%), payable semiannually, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping school buildings, facilities and structures in the Monroe County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
Peterstown Elementary School Construction of an eight classroom addition, an indoor play area and expand kitchen and dining area at current structure.	Peterstown, WV	Bond Funds: \$ 978,908 SBA Funds: 1,000,000 Local Funds: 100,000 Total Cost: \$2,078,908
Peterstown Middle School Expand kitchen facilities and improve HVAC, repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$ 593,092
Monroe County Technical School Replace existing roof with new 19,000 sq. ft. bitumen roofing.	Lindsay, WV	Bond Funds: \$ 100,000
James Monroe High School Complete interior of Auxiliary Gymnasium, including installation of hardwood floor, lights and improve ventilation and air flow and other equipment and furnishings.	Lindsay, WV	Bond Funds: \$ 175,000
Mountain View Elementary/Middle School Provide equipment and furniture.	Union, WV	Bond Funds: \$ 100,000
Bus Garage Replacement	Union, WV	Bond Funds: \$ 100,000 Project Costs: \$3,147,000 Costs of Issuance: 53,000 SBA Funds: (1,000,000) Local Funds: (100,000) Total Proposed Bond Call: \$2,100,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the sum of One Million Dollars (\$1,000,000) and Local Funds in the sum of One Hundred Thousand Dollars (\$100,000) with the total amount to be expended by the Board from all sources, being a sum in the approximate amount of Three Million Two Hundred Thousand Dollars (\$3,200,000).

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

YES. (For the Bond Issue.)

NO. (Against the Bond Issue.)

NOTICE TO VOTERS: To vote in favor of the proposition (for the Bond Issue) submitted on this ballot, mark an "X" in the box next to "YES." To vote against the proposition (against the Bond Issue), mark an "X" in the box next to "NO."

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 24, 1999

Rating:
Standard & Poor's Corp. (See "Ratings" herein)

NEW ISSUE - FULL BOOK ENTRY

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 EXEMPTION" 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 EXEMPTION" herein.

\$2,100,000

THE BOARD OF EDUCATION
OF THE
COUNTY OF MONROE (WEST VIRGINIA)
Public School Bonds, Series 1999

Dated: July 1, 1999

Due: June 1, as shown below

The Bonds are general obligations of the Board of Education of the County of Monroe, West Virginia, (the "Board") which Board has power and is obligated to levy ad valorem taxes upon all the taxable property within the Monroe 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 National Bank, Charleston, West Virginia as Registrar.

Interest on the Bonds will accrue from July 1, 1999 and will be payable December 1, 1999 and semiannually thereafter (each June 1 and December 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

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

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

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing June 1	Principal Amount	Interest Rate	Yield	Maturing June 1	Principal Amount	Interest Rate	Yield
2000	90,000			2008	145,000		
2001	100,000			2009	150,000		
2002	110,000			2010	160,000		
2003	115,000			2011	165,000		
2004	120,000			2012	175,000		
2005	125,000			2013	185,000		
2006	130,000			2014	195,000		
2007	135,000						

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, PLLC, Charleston, West Virginia, Bond Counsel. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about July 22, 1999.

SALE DATE: July 8, 1999

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. 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 the Bonds 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 MONROE
(WEST VIRGINIA)**

ELECTED OFFICIALS

Steve Miller, President
Evelyn Hansbarger
Shirley Neel
Edward W. Pell
Robert Weikle

APPOINTED OFFICIALS

Lyn Guy, Superintendent
Robert Phillips, Treasurer

BOND COUNSEL

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

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OFFICIAL STATEMENT
Relating To
\$2,100,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONROE (West Virginia)
Public School Bonds, Series 1999

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$2,100,000 in aggregate principal amount of The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"). A brief description of the Board of Education of the County of Monroe, West Virginia (the "Board"), the Monroe County School District (the "School District") and the County of Monroe, West Virginia (the "County" or "Monroe 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 July 1, 1999, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on June 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

<u>Maturing June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2000	90,000		
2001	100,000		
2002	110,000		
2003	115,000		
2004	120,000		
2005	125,000		
2006	130,000		
2007	135,000		
2008	145,000		
2009	150,000		
2010	160,000		
2011	165,000		
2012	175,000		
2013	185,000		
2014	195,000		

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 National Bank, Charleston, West Virginia as the Registrar.

Interest on the Bonds will accrue from July 1, 1999 and will be payable December 1, 1999 and semi-annually thereafter (each June 1 and December 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 1999 Bonds are not subject to optional redemption prior to June 1, 2009. At the option of the Board, the 1999 Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment due, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period Within Which Redeemed</u>	<u>Redeemed Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

Book-Entry Only System

The Series 1999 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 1999 Bonds will not receive certificates representing their interests in the Series 1999 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 1999 Bonds ("Securities"). The Series 1999 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 1999 Bond will be issued for each issue of the Series 1999 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record

date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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

For every transfer and exchange of the Series 1999 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation hereto.

In the event the Board determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 1999 Bond certificates, the Board may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 1999 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 1999 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 1999 Bonds at any time by giving notice to the Board and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Board and the Registrar shall be obligated to deliver Series 1999 Bond certificates as described in the Resolution. In the event the Series 1999 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption

price of and interest on such Series 1999 Bond certificates. Whenever DTC requests the Board and the Registrar to do so, the Registrar and the Board will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 1999 Bonds to any Participant having the Series 1999 Bonds credited to its DTC account or (b) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 1999 Bonds.

DTC management is aware that some computer applications, systems and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems". DTC has informed its participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to (i) impress upon them the importance of such services being Year 2000 complaint; and (ii) determined the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Purpose

The Bonds are being issued for the purpose of six projects, including: (1) construction for Peterstown Elementary School; (2) improvements to Peterstown Middle School; (3) repairs to Monroe County Technical School; (4) improvements to James Monroe High School; (5) equipment and furniture for Mountain View Elementary/Middle School, and (6) replacement of bus garage. For more details see Appendix C.

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 general election in the School District held on February 27, 1999, 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 15 1/2

years from the date of the Bonds and an interest rate not exceeding 7% per annum. The canvass of said special election showed 1245 "Yes" votes and 1064 "No" votes, a 54% 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 West Virginia Municipal Bond Commission (the "Commission"), successor to the State Sinking Fund Commission, is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, as Treasurer of the County, and the Treasurer of the Board forwards the proceeds thereof to the Commission. The Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 1999 Budget Bill is indicative:

Sec. 12. 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 of or interest on any general obligation bonds issued by the Board of Education of the County of Monroe. 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.

MONROE 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 2000, the terms of two members will expire and in 2002, the terms of three members will expire. The process will be repeated every two years thereafter.

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

The Monroe County school system has a central office staff of 2.5 administrators (superintendent, student services-special education, 1/4 preschool director and 1/4 elementary education director) under the formula. Federal funds pay for an additional 1.5 administrators – 3/4 Title I director, 3/4 head Start Director. These administrators coordinate and supervise the activities of 6.5 additional administrators, 137.38 instructional staff and 95.835 service personnel. Total F.T.E. positions are 242.215. The estimated pupil teacher ratio for the 1998-99 school year is 14.4:1 (combined elementary, middle and secondary schools). The total adjusted student enrollment is 2750.25; actual student enrollment (head count) is 2049 students..

Facilities of the Monroe County School District

<u>School</u>	<u>Grades</u>	<u>Type of Construction</u>	<u>Date of Construction</u>	<u>Renovations (R) or Additions (A)</u>
Gap Mills School	4-8	Masonry/ Cinder block	1945	(A) 1950, 1956 (A) 1972 (A) 1982 (A) 1987 (trailer) (A) 1994 (2 trailers)
Union Elementary	PK-3	Masonry/steel	1962	(A) 1970, 1971 (A) 1984
Peterstown Elementary	PK-4	Masonry/steel	1962	(A) 1970, 1974 (A) 1980, 1984 (A) 1989

Facilities of the Monroe County School District (Continued)

<u>School</u>	<u>Grades</u>	<u>Type of Construction</u>	<u>Date of Construction</u>	<u>Renovations (R) or Additions (A)</u>
Peterstown Middle	5-8	Masonry	1953	(A) 1954-1984 (R) 1997-98
Monroe County Technical School	9-12	Masonry/wood	1980	(A) 1997
James Monroe High	9-12	Masonry/steel	1994	

Source: Monroe County Schools

Monroe County 2nd Month Enrollment History*

<u>19--</u>	<u>86-87</u>	<u>87-88</u>	<u>88-89</u>	<u>89-90</u>	<u>90-91</u>	<u>91-92</u>	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>
K	164	173	159	159	145	146	147	141	159	155	118	148	164
1	159	162	177	177	159	150	147	152	140	155	166	135	149
2	156	157	153	170	151	110	144	142	143	146	143	159	127
3	155	144	154	149	172	163	108	145	136	134	140	140	159
4	152	152	160	160	142	182	164	108	138	144	137	142	135
5	152	145	146	150	161	139	181	158	120	140	142	145	143
6	164	148	155	146	155	162	138	190	165	119	152	145	142
7	195	181	179	160	151	164	171	159	200	171	132	171	139
8	171	180	172	181	161	153	173	158	157	184	171	128	155
9	185	185	178	165	177	149	157	183	150	145	184	172	122
10	185	193	175	172	161	160	145	160	170	147	144	179	162
11	161	172	170	169	171	161	166	136	147	149	137	140	174
12	160	160	170	174	154	176	147	169	124	134	145	129	137
Total	2178	2159	2152	2075	2014	2015	1988	2001	1949	2036	2042	2066	2049

Projected Enrollment

1999-2000	2024
2000-2001	1952
2001-2002	1941
2002-2003	1957
2003-2004	1943

Annualized Rate of Decrease in Enrollment

1983-1984	2279
1989-1999	2049

230 divided by 2279 = 10.09% divided by 16 years = .006%

*Includes preschool special needs (4 year old student) and Head Start program (preschool 3-4 year old students), which would add the following students: year 91-92 - 93 students; 92-93 - 89 students; 93-94 - 92 students; 94-95 - 84 students; 95-96 - 105 students; 96-97 - 131 students; 97-98 - 138 students; 98-99 - 141 students.

Tax Collection Procedures

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

Monroe County School District Tax Levies and Collections

(General Current) Year	Projected Gross Tax %100	Projected Net Tax Collections at 93% Less Assessors Fee	Actual Collections	Actual %
1993-94	712,552	649,420	667,716	93.7
1994-95	740,758	692,297	753,045	101.7
1995-96	789,910	711,721	713,756	91.4
1996-97	850,351	775,010	792,840	93.2
1997-98	885,536	807,077	852,664	96.3
1998-99	935,378	852,503	N/A	N/A

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment 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 1998 assessment year valuations are made as of July 1, 1997, with taxes levied and collected during the fiscal year July 1, 1998, through June 30, 1999.

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

Property Classification

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

Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Monroe County School District includes all of Monroe County and has the same assessed valuation of property therein as does the entire county. Between 1973 and the current fiscal year, the average assessment for each of the four classes of property in a county had to be at least approximately 50% of the State appraised values. The State Tax Commissioner has authority to "appraise" property to determine its "true and actual value". Thus, in practice, most properties by class were assessed at least at approximately 50% of their appraised values.

In Killen vs. Logan County Commission, the Supreme Court of Appeals of West Virginia held that insofar as West Virginia Code 18-9A-11 provides that the total assessed valuation in each of the four (4) classes of real property (see "Property Classification") shall not be less than fifty percent (50%) nor more than one hundred percent (100%) of the State Tax Commissioner's appraised valuation of each of said classes of property, it violates the constitutional guarantee of equal and uniform taxation, as provided under Article X, Section 1, thereof. The Court found that property was not being adequately assessed in any county in the State for property tax purposes and placed the blame on the historic passivity of the State Tax Commissioner in the administration, supervision, and enforcement of the property tax. The Court identified a number of shortcomings in property tax administration and directed the State Tax Commissioner to prepare a plan to correct those deficiencies.

The West Virginia Legislature addressed the Court's concern with the Property Tax Limitation and Homestead Exemption Amendment of 1982, which was passed by voters in the general election held November 2, 1982. As a result, Article X, Section 1b of the Constitution of the State of West Virginia has been amended such that the four (4) classes of real property will be assessed at sixty percent (60%), rather than one hundred percent (100%), of the State Tax Commissioner's appraised valuation. The Amendment also provided that a statewide reappraisal be completed, certified and published on or before March 31, 1985. The reappraisal would result in an increase or decrease in the existing appraised value of property subject to ad valorem taxation in each county which would, in turn, result in an increase or decrease in the assessed value of such property and the taxes levied based upon such assessment. Moreover, any resulting increase in value would be allocated over a period of ten (10) years in equal amounts annually. The reappraisal has been completed but the results of the reappraisal have not been released for use by the counties. The State Tax Division is now completing computerized studies and statistical analyses in an effort to correct system errors in the reappraisal.

Chapter 11, Article 1C of the West Virginia Code, as amended by Acts of the 1990 Legislature, regular and third special session, requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the effective date of the legislation and with updated appraisals every three years thereafter. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result

from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994. The Board does not believe the legislation will have any impact on the Board's ability to levy taxes to pay the principal of or interest on the Bonds.

Assessed Valuation By Property Class

<u>Class</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
I	\$ 6,687,904	\$ 7,000,925	\$ 7,816,786	\$ 6,868,872	\$ 6,490,505
*II	\$70,461,838	\$73,462,783	\$74,858,830	\$77,151,133	\$80,690,548
III	\$56,322,321	\$63,521,071	\$66,206,524	\$66,849,095	\$71,123,951
IV	\$ 9,634,382	\$10,003,522	\$11,050,507	\$11,380,410	\$11,013,428
TOTALS	\$143,106,445	\$153,988,301	\$159,932,647	\$162,249,510	\$169,318,432

Assessed Valuation By Property Category

<u>Category</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
Real	\$91,885,597	\$95,693,701	\$96,195,657	\$98,403,061	\$101,210,522
Personal	\$28,314,948	\$34,843,300	\$39,670,690	\$40,148,949	\$ 43,856,827
Public Utility	\$22,905,900	\$23,451,300	\$24,066,300	\$23,697,500	\$ 24,251,083
Totals:	\$143,106,445	\$153,988,301	\$159,932,647	\$162,249,510	\$169,318,432

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

- \$ 24,521,831 in 1995-96
- \$ 24,532,128 in 1996-97
- \$ 24,877,793 in 1997-98
- \$ 24,798,434 in 1998-99
- \$ 25,157,022 in 1999-00

Largest Assessed Valuations

1999 Current Assessed Valuation

<u>Name of Property Owner</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III& IV</u>
Appalachian Power Co.	\$209,767		\$8,968,458
Bell Atlantic	\$168,984		\$3,016,745
Columbia Gas	\$ 7,864		\$3,387,172
Craig-Botetourt Electric	\$ 4,800		\$ 367,500
CSX Transportation, Inc.			\$1,077,480
Bank of Monroe	\$ 97,880		\$1,455,835
Bank of Greenville			\$ 394,680
First National Bank of Peterstown			\$ 519,902
Utilicorp United, Inc.	\$134,564		\$2,268,202
Union Concrete Products	_____		<u>\$ 162,900</u>
TOTALS	\$623,859		\$21,618,874

Source: Monroe County Assessor

Tax Rate Comparisons

The following shows Monroe County property tax rates 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 1998; Fiscal year 1998-99:

Rates of Levy

<u>County</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III/IV</u>
MONROE	49.95	99.90	199.80
Greenbrier	46.68	93.37	186.74
Mercer	57.98	115.96	231.92
Summers	35.03	70.06	140.12

(This includes the total levy for State, County and schools in each County listed above)

Source: State of West Virginia
Department of Tax and Revenue

County Tax Rates

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

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies may not continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates

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

Monroe County, West Virginia
School Current Tax Rates
 by Property Class
 Cents per \$100

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Class I	20.48	20.48	20.48	20.48	20.48
Class II	40.96	40.96	40.96	40.96	40.96
Class III/IV	81.92	81.92	81.92	81.92	81.92

Source: State of West Virginia, Dept. of Tax and Revenue

School Excess Levy
 Tax Rates - By Property Class
 Cents Per \$100

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Class I	0	14.92	14.92	14.92	14.92
Class II	0	29.84	29.84	29.84	29.84
Class III/IV	0	59.68	59.68	59.68	59.68

Source: State of West Virginia, Dept. of Tax and Revenue

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.

The tax rates for citizens of the County, including those imposed by the Monroe County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 1998-99 fiscal year, are as follows:

Rates of Levy

<u>Tax Type</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III/IV</u>
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
School Current	20.48	40.96	81.92
School Excess	14.92	29.84	59.68

Source: State of West Virginia, Department of Tax and Revenue

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 1998-99 fiscal year.

<u>Municipality</u>	<u>Class I</u>	<u>Class II</u>	<u>Class IV</u>
Peterstown	12.50	25.00	50.00
Union	12.34	29.68	49.36
Alderson	17.35	34.70	69.40

Source: State of West Virginia, Department of Tax and Revenue

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

Summary of Statistical Debt Information

Population (1990)	12,406
Assessed Valuation *	\$169,318,432
Debt Limit (5% of Assessed Valuation)	\$ 8,465,921
Outstanding Debt (including the Series 1999 Bonds)	\$ 2,100,000
Debt Contracting Margin	\$ 6,365,921
Per Capita Debt	\$ 169.27
Outstanding Debt As Percentage Of Assessed Valuation..	1.24%

* Assessed Value is estimated to be approximately 60% of appraised or market value.
(Fiscal Year 2000 Assessed Valuation)

Debt Service Requirements

Prior to the issuance of the Bonds, the Board had no outstanding debt.

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

Schedule of Bonded Indebtedness
Public School Bonds
Series 1999

<u>Year</u> <u>Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	90,000		
2001	100,000		
2002	110,000		
2003	115,000		
2004	120,000		
2005	125,000		
2006	130,000		
2007	135,000		
2008	145,000		
2009	150,000		
2010	160,000		
2011	165,000		
2012	175,000		
2013	185,000		
2014	<u>195,000</u>		
TOTAL	\$2,100,000		

Overlapping Debt

There is no overlapping county or city general obligation debt.

Budgetary Procedures

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

- July Overall goals are revised and established by the Board. Implementation and evaluation of Board goals are established by the Superintendent.
- October Student enrollment and personnel employee numbers are gathered 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.
- No later than May 30* 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
- August Board advised of ending balances for previous fiscal year. Board and Administration evaluates status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

Internal Control

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

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

Monroe County School District
Revenue and Expenditures
General Current Expense Fund

	1995-96 <u>Budget</u>	1996-97 <u>Budget</u>	1997-98 <u>Budget</u>
<i>Revenues Collected</i>			
Property Taxes	711,721	1,396,671	1,454,461
Other Local Sources	236,414	194,900	179,199
Intermediate Source	48,807	45,806	48,495
State Sources	8,504,422	13,821,722	14,579,509
Federal Sources	1,412,962	372,053	1,551,329
Miscellaneous	<u>888</u>	<u>133,861</u>	<u>136,770</u>
Total Revenues	10,915,214	15,965,313	17,949,763
<i>Expenditures Paid</i>			
Regular Programs	5,211,106	5,662,060	5,989,778
Special Education	1,046,239	1,061,829	1,593,484
Vocational Education	564,222	613,376	648,305
Other Elementary/ Secondary Programs	1,400	71,074	69,708
Adult/Continuing Ed Program	37,638	33,068	5,070
Community Services	115,829	212,484	141,695
Undistributed	<u>4,331,698</u>	<u>8,709,889</u>	<u>10,015,107</u>
Total Expenditures	11,308,132	16,363,780	18,463,147
Excess (deficiency) of revenues collected over expenditures paid	(391,918)	(398,467)	(513,384)
Transfers In (Out)		802,674	
Restatement of Fund Balance			
Beginning Fund Balance	387,918	(404,207)	558,519

Source: Monroe County Board of Education

Monroe County School District
Revenue and Expenditures
General Current Expense Fund

	1995-96 Actual	1996-97 Actual	1997-98 Actual
<i>Revenues Collected</i>			
Property Taxes	713,756	1,447,615	1,535,758
Other Local Sources	340,883	318,861	313,221
Intermediate Sources	39,852	62,913	83,842
State Sources	8,469,205	8,583,972	9,868,411
Federal Sources	1,244,058	1,448,521	1,611,984
Miscellaneous	1,006	143,924	141,789
Total Revenues Collected	10,808,760	12,005,811	13,555,006
<i>Expenditures Paid</i>			
Regular Programs	5,111,027	5,415,314	5,593,359
Special Education	1,079,497	1,091,781	1,521,565
Vocational Education	545,300	554,882	616,258
Other Elementary/ Secondary Programs	1,400	63,270	65,252
Adult/Continuing Education	32,292	27,682	4,045
Community Services	88,382	155,552	140,554
Undistributed	4,247,294	4,493,170	5,315,613
Total Expenditures	11,105,192	11,801,651	13,256,646
Excess (deficiency) of Revenues collected over expenditures paid	(296,432)	204,160	298,359
Transfers In (Out)	(5,000)	181,013	
Restatement of Fund Balance		3,102	
Beginning Fund Balance	343,102	103,545	558,519
Prior Period Adjustment		15,802	
Add (Deduct) net change in certain Receivables	<u>61,875</u>	<u>50,897</u>	<u>(80,443)</u>
Ending Fund Balance	103,545	558,519	776,435
Source: Monroe County Board of Education			

Teachers Retirement Systems

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

Teachers Defined Benefit Retirement System

The Teachers' Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of June 30, 1997, 22,394 retirees and beneficiaries were receiving benefits; as of July 1, 1997, there are 32,742 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Effective July 1, 1994, employers covered by the School Aid Formula (the 55 county public school system) contribute 15% of a member's annual earnings; and other employers contribute 7.5%. Employers also contribute 7.5% of the Teachers Defined Contribution Retirement System (TDCRS) member's annual earnings to TRS. A member who withdraws from service for any cause other than death or retirement may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 1997 by Peter Verne of Buck Consultants. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 8.0% annually, net of expenses. As of July 1, 1997, the unfunded liability of TRS was \$3.477 billion, based on recognized valuation of assets at \$683.8 million. The funded percentage was 23%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of June 30, 1998, there were approximately 14,000 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Members may choose from five separate investment options, which include government security mutual funds, common stock mutual funds, guaranteed insurance contract mutual funds and individually allocated annuities.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and earnings allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Any forfeitures arising from contributions will be transferred to TRS. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source:

State of West Virginia
Consolidated Public Retirement Board

Insurance Coverage

1. Type	Amount in Force (FY 1998-99)
Fire, extended coverage/buildings and personal property (including computer equipment)	\$30,182,327
Public official position bond:	
Superintendent	\$10,000
Board President	\$10,000
Treasurer	\$200,000
Blanket Bond	
Fidelity Honesty Bond (all employees)	\$ 5,000
Money & Securities (all employees)	\$ -0-
Deductible - \$1000 per occurrence	

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 1998 to June 30, 1999. 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 not to exceed \$50,000 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. However, defense costs are subject to the aggregate limit of liability and will be charged to it.

Source: Monroe County Board of Education

Year 2000 Compliance

The year 2000 (Y2K) issue relates to shortcomings of many electronic data-processing systems and other equipment that may adversely affect the operations of Monroe County Schools in the year 1999 and beyond.

Monroe County Schools are in the process of inventorying computers in its school information and financial operations. Computers are relatively new (four years or less) and should be Y2K compliant. Financial software for schools is being reviewed with updates to be purchased to make their operations complaint. The HVAC systems are under contract with Honeywell, Inc., and will be maintained for compliance.

RESA I has provided a great deal of assistance to Monroe County Schools in conducting inventories, providing upgrade information and compliance corrections both with the computer systems and utility companies. Through their assistance, we hope to provide uninterrupted services based on assurances from each utility company that their services are in compliance.

The Board uses the West Virginia Education Information System (WVEIS) for financial reporting, payroll and employee benefits and educational statistics reporting. The West Virginia Department of Education (WVDE), as overseer of WVEIS, is responsible for remediating the systems. The WVDE has purchased computer Information Management Systems for Schools (CIMS), Y2K compliant software and maintenance from National Computer Systems (NCS). NCS tested the software conversion using beta test sites to validate the software. The conversions were received by WVDE in July 1998 and installed on WVEIS in November 1998.

Monroe County Schools currently is assessing the changes needed in the heating and cooling systems. Systems may have to be remediated, and tested and validated.

Because of the unprecedented nature of the Y2K issue, its effects and the success of remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Monroe County Schools is or will be Year 2000 ready, that Monroe County School's remediation efforts will be successful in whole or in part, or that parties with whom Monroe County Schools does business will be Year 2000 ready.

Monroe County Schools has no significant resources committed to Y2K compliance as of June 30, 1999.

COUNTY OF MONROE

Introduction

Monroe County (the "County") is located in the southeastern section of West Virginia. The City of Union is the county seat. The County is located 71 miles from Roanoke, Va., 120 miles from Charleston, WV and 159 miles from Winston-Salem, NC.

The County is governed by, and generally acts through, The County Commission of Monroe County. The present Commissioners of the County Commission, elected on a countywide basis, are Dr. Craig Mohler, Oliver Porterfield and Franklin Campbell. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.

Population

The population of the County is indicated in the following table:

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1990	12,406	1,793,477
1997	13,157	1,815,787

Source: West Virginia Bureau of Employment Program

Economy

The 5 largest employers, the type of business and number of employees for such companies for the year 1996 in the County are:

<u>Employer</u>	<u>Product/Service</u>	<u>No. of Employees</u>
BF Goodrich	Manufacturing	300
Monroe County Board of Education	Education	270
Federal Prison System	Corrections	182
Springfield Comp. Care, Inc.	Nursing Home	82
Monroe Co. Council on Aging	Health	55

Source: WV Bureau of Employment Security
Labor and Economic Research
Individual Employers

EMPLOYMENT AND INCOME STATISTICS

Average Annual Unemployment Rates

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1991	12.0%	10.6%
1992	9.4	11.4
1993	9.1	10.9
1994	9.0	8.9
1995	7.0	7.9
1996	6.0	7.5
1997	5.8	6.9

Average Annual Employment by Industry

<u>Industry</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Mining	10	10	0	0
Construction	80	100	120	110
Manufacturing	280	320	320	350
Transportation, Public Utilities	100	100	120	120
Wholesale and Retail Trade	270	280	270	280
Finance, Insurance, Real Estate	50	50	50	50
Services	470	510	540	570
Government	800	750	750	720

Average Employment and Annual Wage

	<u>Average Employment</u>		<u>Average Annual Wage</u>	
	<u>1996</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>
Monroe County	4,830	4,900	\$20,727	\$21,603
West Virginia	662,606	669,108	24,074	24,715

Source: WV Bureau of Employment Programs
Labor and Economic Research

Per Capita Personal Income, 1996

<u>County</u>	<u>Per Capita Income</u>
United States	\$24,436
West Virginia	18,225
Monroe County	13,905

Source: WV Bureau of Economic Analysis

Wages Per Industry
Calendar Year 1997
Monroe County

<u>Industry</u>	<u>Total Wages</u>	<u>Average Annual Wage</u>	<u>Average Weekly Wage</u>
Agriculture	\$41,715,986	\$21,603	\$415.45
Construction	1,587,631	14,433	277.56
Manufacturing	9,441,507	26,898	517.29
Transportation and Public Utilities	2,476,904	23,148	445.17
Trade - Wholesale	1,145,786	15,695	301.84
Trade - Retail	2,026,916	9,935	191.07
Finance, Insurance & Real Estate	1,104,883	21,664	416.62
Services	3,120,239	10,400	200.02
Government	19,865,802	29,343	564.31

Source: WV Bureau of Employment Programs

Total Wages
(\$ Millions)

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1990	\$32.8	\$12,471.7
1991	32.7	12,836.2
1992	33.4	13,567.2
1993	36.8	13,981.5
1994	36.7	14,796.2
1995	39.2	15,367.7
1996	39.9	15,952.1
1997	41.7	15,537.5

Source: WV Bureau of Employment Programs

can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

Under certain provisions of the Social Security Amendments of 1983 (Public Law 98-21) which are codified at Section 86 of the Code ("Section 86"), interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security benefits are includable in gross income for federal income tax purposes. Investors are referred to Section 86, for the complete text of Section 86, relating to the inclusion of a portion of social security benefits in gross income.

The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

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

Appeals issued the writ of prohibition, and noting that the court below had plainly exceeded its legitimate powers by the entry of an unconstitutional order, found the existing excess levy provision not violative of the State Constitution. The Supreme Court of Appeals suggested therein that it would be appropriate for the lower court to consider whether a statewide reappraisal should be ordered to be implemented to remedy the school financing problem.

In May of 1995 a Motion to join the President of the State Senate and the Speaker of the State House of Representatives as defendants in Pauley was granted by the Circuit Court. Additionally, at that time, the plaintiff's moved the Circuit Court for an order enforcing the judgment previously entered including establishing 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. As of this date, no decision has been forthcoming from the Circuit Court.

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

LITIGATION

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

with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not 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 180 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 assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has no outstanding bond issues and no prior undertaking to comply with the requirements of the Rule. The form of the Continuing Disclosure Certificate Agreement is attached hereto as Appendix E.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the Board at competitive bidding on July 8, 1999, 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 Bowles Rice McDavid Graff & Love, 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 Series 1999 Bonds its rating of "AA-". 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. The Board has not requested that any other organization consider assignment or a rating in connection with the Bonds.

FINANCIAL ADVISOR

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

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$2,100,000 in aggregate principal amount of The Board of Education of the County of Monroe, Public School Bonds, Series 1999. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Monroe 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 MONROE

By: _____
President

APPENDIX A

**AUDIT REPORT OF
MONROE COUNTY BOARD OF EDUCATION**

For the Fiscal Year Ended June 30, 1997

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**MONROE COUNTY
BOARD OF EDUCATION**

Financial Statements

June 30, 1997

(With Auditors' Report Thereon)

MONROE COUNTY BOARD OF EDUCATION
Schedule of Funds Included in Report
Fiscal Year Ended June 30, 1997

GOVERNMENTAL FUND TYPES

General Current Expense

Excess Levy Fund

Permanent Improvement Fund

Bond Construction Fund

FIDUCIARY AND TRUST

Agency

ACCOUNT GROUPS

General Fixed Assets

MONROE COUNTY BOARD OF EDUCATION
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MONROE COUNTY BOARD OF EDUCATION
Board Officials
Fiscal Year Ended June 30, 1997

Office	Name	Term
	<u>Elective</u>	
Board Members:	William Bailey	07/01/94 - 06/30/1998
	Ed Pell	07/01/94 - 06/30/1998
	Robert Weikle	07/01/94 - 06/30/1998
	Steve Miller	07/01/96 - 06/30/2000
	Shirley Neel	02/01/97 - 06/30/2000
	<u>Appointive</u>	
Board President	Steve Miller	07/01/96 - 06/30/1998
Superintendent	Lyn Guy	07/01/96 - 06/30/2000
Treasurer	Robert Phillips	07/01/96 - 06/30/1997



THE SMART GROUP
A Professional Services Corporation

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Monroe County Board of Education, as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in the notes to the financial statements, the board's policy is to prepare its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Assets, Liabilities and Fund Equity - All Fund Types and Account Groups
 For the Fiscal Year Ended June 30, 1997

	<u>Governmental Fund Types</u>						<u>Totals</u>	
	<u>Account Groups</u>						<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Excess</u>	<u>Permanent</u>	<u>Bond</u>	<u>Agency</u>	<u>Assets</u>	<u>June 30,</u>	<u>June 30,</u>
<u>Current</u>	<u>Levy</u>	<u>Improvement</u>	<u>Construction</u>	<u>Agency</u>	<u>Assets</u>	<u>1997</u>	<u>1996</u>	
<u>Expense</u>								
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Bank Overdraft	-	-	-	-	-	-	-	121,477
Accounts payable:								
Salaries and related withholdings payable	\$ 970,410	-	-	-	-	-	-	850,001
TOTAL CURRENT LIABILITIES	970,410	-	-	-	-	970,410	970,410	971,478
Fund Equity:								
Investments in general fixed assets	-	-	-	-	-	26,289,300	26,289,300	24,123,884
Fund balances:								
Reserved for encumbrances	252,401	-	59,400	-	-	-	311,801	155,197
Reserved for earmarked funds	688,748	-	-	-	-	-	688,748	586,209
Reserved for Workers' Compensation	17,871	-	-	-	-	-	17,871	14,770
Unreserved:								
Designated	25,610	-	-	-	-	-	25,610	-
Undesignated	(426,111)	-	79,016	2,389	-	-	(344,706)	(352,434)
TOTAL FUND EQUITY	558,519	-	138,416	2,389	-	26,289,300	26,988,624	24,527,626
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,528,929	-	138,416	2,389	-	26,289,300	27,959,034	25,499,104

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION

Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - All Fund Types

For the Fiscal Year Ended June 30, 1997

Governmental Fund Types

	General Current Expense	Excess Levy	Permanent Improvement	Bond Construction	Agency	Totals	
						June 30, 1997	June 30, 1996
REVENUES COLLECTED:							
Local sources:							
Ad Valorem Taxes (including interest and penalties)	\$ 1,447,615	-	64,719	-	-	1,512,334	1,368,797
Earnings on investments	53,551	-	2,608	48	-	56,207	48,485
Other local revenues	265,315	-	-	-	-	265,315	300,018
Intermidate sources	62,913	-	-	-	38,400	101,313	39,852
State sources	8,583,972	-	-	-	-	8,583,972	8,469,205
Federal sources	1,448,521	-	-	-	-	1,448,521	1,244,058
Miscellaneous sources	143,924	-	-	-	-	143,924	1,006
TOTAL REVENUES COLLECTED	12,005,811	-	67,327	48	38,400	12,111,586	11,471,421
EXPENDITURES PAID:							
General government	11,808,893	-	-	-	38,400	11,847,293	11,523,397
Capital projects	-	-	43,375	-	-	43,375	98,467
TOTAL EXPENDITURES PAID	11,801,651	-	43,375	-	38,400	11,890,668	11,621,864
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	204,160	-	23,952	48	-	220,918	(150,443)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - All Fund Types
 For the Fiscal Year Ended June 30, 1997

	Governmental Fund Types						Totals	
	General	Excess	Permanent	Bond	Agency	June 30,	June 30,	(Memorandum Only)
	Current	Levy	Improvement	Construction	1997	1996		
OTHER FINANCING SOURCES:								
OPERATING TRANSFERS In (OUT)	181,013	(181,013)	-	-	-	-	-	-
RESTATEMENT OF BEGINNING FUND BALANCE	3,102	-	-	-	-	3,102	-	-
FUND BALANCES AT BEGINNING OF YEAR	103,545	181,013	116,843	2,341	-	403,742	492,557	-
PRIOR PERIOD ADJUSTMENT	15,802	-	(2,379)	-	-	13,423	-	-
ADD (DEDUCT) NET CHANGES IN:								
Certain receivables (Note 7)	50,897	-	-	-	-	50,897	61,628	-
FUND BALANCES AT END OF YEAR	\$ 558,519	-	138,416	2,389	-	692,082	403,742	-

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual - General Current Expense Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED:			
Local sources:			
Ad valorem taxes	\$ 1,396,671	1,447,615	50,944
Earnings on investments	28,500	53,551	25,051
Food service	110,000	148,386	38,386
Local clearing activities	26,684	16,247	(10,437)
Local sales	12,636	18,418	5,782
Other local revenues	17,380	82,264	64,884
TOTAL LOCAL SOURCES	1,591,871	1,766,481	174,610
Intermediate sources:			
Restricted grants	45,806	62,913	17,107
TOTAL INTERMEDIATE SOURCES	45,806	62,913	17,107
State sources:			
Unrestricted grants	7,384,454	7,384,454	-
Restricted grants	6,437,268	1,199,518	(5,237,750)
TOTAL STATE SOURCES	13,821,722	8,583,972	(5,237,750)
Federal sources:			
Unrestricted	(1,000,000)	-	1,000,000
Restricted:			
Direct	329,510	311,013	(18,497)
Through state	775,543	831,227	55,684
Reimbursements for food service	262,000	298,969	36,969
National Forest Land Payments	5,000	7,312	2,312
TOTAL FEDERAL SOURCES	372,053	1,448,521	1,076,468
Miscellaneous sources:			
Non-revenue	133,861	143,924	10,063
TOTAL MISCELLANEOUS SOURCES	133,861	143,924	10,063
TOTAL REVENUES COLLECTED	15,965,313	12,005,811	(3,959,502)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual - General Current Expense Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES PAID:			
Instructional services:			
Regular programs	\$ 5,662,060	5,415,314	246,746
Special programs	1,061,829	1,091,781	(29,952)
Vocational programs	613,376	554,882	58,494
Other elementary/secondary programs	71,074	63,270	7,804
Adult/continuing education programs	33,068	27,682	5,386
Community service programs	212,484	155,552	56,932
Undistributed support services	8,709,889	4,493,170	4,216,719
TOTAL EXPENDITURES PAID	<u>16,363,780</u>	<u>11,801,651</u>	<u>4,562,129</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(398,467)	204,160	602,627
OTHER FINANCING SOURCES:			
OPERATING TRANSFER IN (OUT)	802,674	181,013	(621,661)
RESTATEMENT OF BEGINNING FUND BALANCE	-	3,102	3,102
FUND BALANCES AT BEGINNING OF YEAR	(404,207)	103,545	507,752
PRIOR PERIOD ADJUSTMENT	-	15,802	15,802
ADD (DEDUCT) NET CHANGE IN			
Certain receivables (Note 8)	<u>-</u>	<u>50,897</u>	<u>50,897</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>558,519</u>	<u>558,519</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balances - Budget and Actual - Excess Levy Fund
 For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED	-	-	-
EXPENDITURES PAID	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	-	-	-
OTHER FINANCING SOURCES:			
OPERATING TRANSFERS IN (OUT)	(802,674)	(181,013)	(621,661)
FUND BALANCES AT BEGINNING OF YEAR	\$ <u>802,674</u>	<u>181,013</u>	<u>621,661</u>
FUND BALANCES AT END OF YEAR	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balances - Budget and Actual - Permanent Improvement Fund
 For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES COLLECTED:			
Local sources:			
Ad valorem taxes	62,499	64,719	2,220
Earnings on investments	-	2,608	2,608
TOTAL LOCAL SOURCES	<u>62,499</u>	<u>67,327</u>	<u>4,828</u>
 TOTAL REVENUES COLLECTED	 62,499	 67,327	 4,828
 EXPENDITURES PAID:			
Undistributed support services			
Capital improvements	<u>179,342</u>	<u>43,375</u>	<u>135,967</u>
TOTAL EXPENDITURES PAID	<u>179,342</u>	<u>43,375</u>	<u>135,967</u>
 EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	 (116,843)	 23,952	 140,795
 FUND BALANCES AT BEGINNING OF YEAR	 116,843	 116,843	 -
 PRIOR PERIOD ADJUSTMENT	 <u>-</u>	 <u>(2,379)</u>	 <u>(2,379)</u>
 FUND BALANCES AT END OF YEAR	 <u><u>\$ -</u></u>	 <u><u>138,416</u></u>	 <u><u>138,416</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances - Budget and Actual - Bond Construction Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES COLLECTED:			
Local sources:			
Earnings on investments	-	48	48
	-	48	48
EXPENDITURES PAID:	-	-	-
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	-	48	48
FUND BALANCES AT BEGINNING OF YEAR	-	2,341	2,341
FUND BALANCES AT END OF YEAR	\$ -	2,389	2,389

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Schedule of Federal Financial Assistance
 For the Fiscal Year Ended June 30, 1997

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass-Through Grantor's <u>Number</u>	Expenditures <u>Paid</u>
U.S. Department of Agriculture Pass Through State Department of Education			
National School Breakfast and Lunch Program	10553/55	-	\$ 339,428
Total Department of Agriculture			<u>339,428</u>
U.S. Department of Education Pass Through State Department of Education			
Adult Basic Education	84.002	56113	4,724
Title I Grants to Local Educational Agencies	84.010	59254	470,353
Special Education	84.027	59648	98,279
Vocational Education	84.048	58747	31,642
Agriculture Demonstration Grant	84.151	-	125
Secondary Education and Transitional Services for Youth with Disabilities	85.158	-	11,282
Special Education - Pre-School	84.173	60022	40,434
Safe and Drug-Free Schools	84.186	-	16,299
Eisenhower Professional Development	84.281	-	3,852
Innovative Education Program Strategies	84.298	59394	7,829
Total U.S. Department of Education			<u>684,819</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Schedule of Federal Financial Assistance
For the Fiscal Year Ended June 30, 1997

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Paid</u>
U. S. Department of Health & Human Services			
Pass Through State			
Department of Education			
Healthy Schools	93.283	-	10,132
Child Care and Developmental Block Grant	93.575	-	5,168
Head Start	93.600	-	355,725
Job Opportunity Basic Skills	93.781	-	<u>27,025</u>
Total U.S. Department of Health and Human Services			398,050
Corporation for National and Community Service			
Pass Through State			
Department of Education			
National and Community Service	94.001	-	<u>7,430</u>
Total Corporation for National and Community Service			7,430
Total Federal Financial Assistance Expended			\$ <u><u>1,429,727</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(1) NATURE OF ACTIVITIES

Nature of Business

The Monroe 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 Monroe 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 of Education, to control and manage all of the public schools and school interest in the county.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by generally accepted accounting principles:

Oversight responsibilities:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Scope of public service

Special financing relationships

Based upon the application of these criteria, there were no additional component units of government included as a part of the reporting entity.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements of the public schools in the district have not been included as a part of the accompanying financial statements, although application of the criteria discussed above indicates that they should be included. Some audited financial statements of the schools are on file at the Board office.

(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 is comprised of assets, liabilities, fund equity, revenue and expenditures. All of the funds maintained by the Board are classified under either the generic fund type of governmental funds or fiduciary funds.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

(c) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with generally accepted accounting principles, all governmental funds and expendable trust funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

included on the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The significant differences are as follows:

Revenues are generally maintained on a cash basis and are recognized in the income statements when received, except for property taxes collected by the sheriff during the month of June, but not received by the school boards until July are reflected as taxes receivable and included in current year's revenue.

Expenditures are recognized in the income statements when checks are issued. Normal payables at year end are not recognized as expenditures during that year. Prepaid expenses of future years are not recognized as current assets except for the deposit with the West Virginia Workers' Compensation Fund.

Receivables include ad valorem property taxes on hand with the sheriff as of year end that have not been distributed to the Board. This item has been accrued and is reported as revenue in the Board's income statements. Certain receivables, such as federal, state and certain local reimbursements are recognized as receivables in asset accounts but corresponding entries are not made in revenue accounts, nor are such receivables recorded as deferred revenues.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Encumbrances are recorded at the time purchase orders are issued or contracts awarded and include accounts payable and accrued expenses, as well as normal GAAP encumbrances such as unperformed contracts or obligations for goods and services.

Earmarked Funds include the excess of moneys received for specifically funded projects or programs over expenditures paid and encumbrances incurred for those projects or programs. Earmarked funds are recognized in the accompanying financial statements as a reserve of fund balances without a corresponding entry to an applicable revenue account.

(d) Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The board of education is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.
2. The Board is also required to 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 ten days before the public hearing is held.

Revisions are authorized only with the prior written approval of the State Board of School Finance. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

(f) Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. As of June 30, 1997, \$77,398 of the board's cash was not covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the board of education's name. As of June 30, 1997, the Board had the following funds on deposit with the following state agencies:

		<u>Carrying Amount</u>	<u>Market Value</u>
West Virginia Management Investment Board	\$	547	547
West Virginia State Board of Investments		954	954
West Virginia Municipal Bond Commission		<u>7,212</u>	<u>7,212</u>
Total Investments	\$	<u>8,713</u>	<u>8,713</u>

Boards of education are authorized by statute to provide excess funds to either the State Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

(g) Inventories

The board of education considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the board's financial statements.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1997, are not recorded as prepaid items, but are considered as expenditures at the time checks are issued. Prepaid expenses of future years are recognized as current assets, except for the deposit with the West Virginia Workers Compensation Fund.

(i) Fixed Assets

The acquisition or construction of general fixed assets are reflected as an expenditure at the time the assets are acquired and are not capitalized in the funds used to acquire or construct them.

Fixed assets, however are presented in the accompanying financial statements in the general fixed asset account group, based on appraised values for insurance purposes or other reasonable approximation of current value because historical cost is not available. These amounts are the same as those reported in the Superintendent's Statistical Report to the West Virginia Department of Education.

As of June 30, 1997, the general fixed asset account group consisted of the following:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 20,277,406
Teaching aids & educational materials	4,553,893
School buses	<u>1,458,001</u>
 Total Fixed Assets	 \$ <u>26,289,300</u>

(j) Long-Term Obligations

Long-term debt is recognized as a liability of the debt service fund when due. The remaining portion of such obligations is reported in the general long-term debt account group.

(k) Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The unreserved, designated

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fund balance represents that portion of board funds committed by official board action prior to June 30, 1997, for specific purposes. The unreserved fund balance represents funds available for reappropriation.

(l) Comparative Data

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

(m) "Memorandum Only" - Total Columns on Combined Statements

Total columns on the combined financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

(n) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as modified 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 expenses.

(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,

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(3) RISK MANAGEMENT (Continued)

pursuant to the provisions of State law, participates in the following risk management programs administered by the State of West Virginia:

Board of Risk and Insurance Management (BRIM): The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk pool for all State agencies, component units, boards of education and other local government 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 two million dollars per property event and purchases excess insurance on losses above that level. BRIM has one million dollars 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. The Legislature provides an appropriation for these costs to boards of education under the Public School Support Program for the number of personnel funded under the program. The PEIA risk pool retains the risk for the health and prescription features and purchases insurance coverage for the life features of the plan. Coverage under these programs is limited to one million dollars life time for health and ten thousand dollars of life insurance coverage. The insured may purchase up to an additional fifty thousand dollars of life insurance coverage.

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 Legislature provides an appropriation for these costs to boards of education

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(3) RISK MANAGEMENT (Continued)

under the Public School Support Program. The WCF risk pool retains all the risk related to the compensation of injured employees under the program.

(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.

Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II.

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 of education 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 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 the new construction, improvements to existing real property, or newly acquired personal property, unless the State

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(4) PROPERTY TAXES (Continued)

legislature holds a public hearing. The amounts to be paid to the Assessor's Valuation Fund are also to be excluded from the calculation. The rates of levy for the 1997 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 voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 1997, were:

<u>Class of Property</u>	<u>Assessed Valuation</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Permanent Improvement</u>
Class I	\$ 7,000,925	18.98¢	14.92¢	1.50¢
Class II	73,462,783	37.96¢	29.84¢	3.00¢
Class III	63,521,071	75.92¢	59.68¢	6.00¢
Class IV	10,003,522	75.92¢	59.68¢	6.00¢

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

The employers' contribution rate for employees who are members of the defined benefit plan increases by 1.5% each year until fiscal year 2000 when it reaches the maximum rate of 15%. For fiscal year 1997, the employers' contribution rate was 10.5%.

Of the total amount appropriated by the State, the portion equal to the employers' required contribution rate (10.5%) is considered to be the employers' contribution for the current cash flow requirements and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered the State's contribution towards past service unfunded liability and is not included either as revenue or an expenditure in the Board's financial statements.

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 1997 were:

Employee's contributions (6.0%)	\$	\$ 335,365
Employer's contributions (10.5%)		513,815
State allocation		
Board contributions		<u>73,068</u>
 Total contributions	 \$	 \$ <u>922,248</u>

Teachers' Defined Contribution Retirement System:

All board of education employees hired after July 1, 1991, participate in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Contribution Retirement System may, now or in the future, freeze their benefits in the old plan and become a member of the new plan. Members with less than five 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. As of June 30, 1997, this plan had 12,247 active members and no retirees receiving benefits.

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. Five investment options are provided from which a participant may choose in multiples of twenty percent.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

Employer contributions vest with the member as follows: one-third after six years, two-thirds after nine years, and 100 percent after twelve years. The member is fully vested at death or disability. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement.

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 his 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.

This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute four and one-half percent of their gross salary and the local board of education contributes seven and one-half percent of its employees salary to the retirement plan for a total of twelve percent annually.

The employer contributions are funded from two sources, state appropriations and Board payments. The State provides an appropriation under the Public School Support Program to the Teachers' Retirement System the total of the following: (1) fifteen percent of the basic foundation allowance for salaries, all salary equity appropriations, and such amounts as are paid by the various county boards as salary supplements, to the extent that such county supplements are equal to the amount distributed for salary equity; and (2) the growth in the total local share calculation in the formula, limited to a maximum of \$7,000,000.

County boards of education are required to pay the employers' contributions on all salaries paid in excess of these amounts. For salaries paid from federally funded grant programs, the employers' contributions are paid from grant proceeds. The employers' contribution rate for employees who are members of the defined contribution plan is seven and one-half percent.

Of the total amount appropriated by the State, the portion equal to the employers' required contribution rate (10.5%) is considered to be the employers' contribution for the current cash flow requirements and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

Total payments reflected in the Board's financial statements to the defined contribution plan for the fiscal year 1997 were:

		<u>Amount</u>
Employee's contributions (4.5%)	\$	62,569
Employer's contributions (7.5%)		
State allocation		80,811
Board's contribution		<u>23,473</u>
 Total contributions	 \$	 <u>166,853</u>

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.

(7) RECOGNITION OF NET EFFECT OF RECEIVABLES ON FUND BALANCES

Certain receivables, at June 30, 1997, are recognized in the statement of assets, liabilities and fund equity without corresponding recognition in the related statements of revenues collected, expenditures paid and changes in fund balances, since these statements are maintained on the basis of cash receipts and disbursements. Consequently, the net change in the receivables at June 30, 1997, has an effect on the fund balances which must be recognized in the statements of revenues collected, expenditures paid and changes in fund balances. The effect on each of the fund balances was determined as follows:

		<u>General Current Expense Fund</u>
Receivables June 30, 1997	\$	271,401
Receivables June 30, 1996		<u>220,504</u>
 Net effect on fund balance	 \$	 <u>50,897</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10)

The following adjustment is required to be made to the amounts reported in the Board's annual financial report to the West Virginia Department of Education (Form 11-10-10) :

General Current Expense Fund

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

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Total Assets</u>
Total Assets Per WVDE 11-10-10 June 30, 1997			\$ 1,484,312
Adjustments:			
Workers Compensation Deposit	7,528	17,871	10,343
Taxes Receivable	28,430	20,383	(8,047)
Interfund Receivable	229,080	-	(229,080)
Reimbursements	-	271,401	<u>271,401</u>
Total Assets Per Audit, June 30, 1997			\$ 1,528,929
	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Fund Balance</u>
Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ 513,901
Adjustments:			
Reserved for Workers' Compensation	7,528	17,871	10,344
Unreserved - Undesignated	(460,385)	(426,111)	<u>34,274</u>
Total Fund Balance Per Audit, June 30, 1997			\$ <u>558,519</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10) (Continued)

Excess Levy Fund

Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balance

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Fund Balance</u>
Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ -
Adjustments:			
Operating transfers out	190,711	181,013	9,698
Beginning fund balance, July 1, 1996	190,711	181,013	(9,698)
Fund Balance Per Audit, June 30, 1997			\$ <u> -</u>

Permanent Improvement Fund

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

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Assets</u>
Total Assets Per WVDE 11-10-10 June 30, 1997			\$ 138,903
Adjustments:			
Taxes receivable	1,389	902	(487)
Total Assets Per Audit, June 30, 1997			\$ <u>138,416</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10) (Continued)

Permanent Improvement Fund

Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balance

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Fund Balance</u>
Total Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ 138,903
Adjustments			
Ad valorem taxes	65,030	64,719	(311)
Change in receivables	2,203	-	2,203
Prior period adjustment	-	2,379	<u>(2,379)</u>
Total Fund Balance Per Audit, June 30, 1997			\$ <u>138,416</u>

(9) BOARD DESIGNATED UNRESERVED FUND BALANCE

The Board of Education has designated a portion of the unreserved fund balance of the General Current Expense Fund at June 30, 1997, for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Staff development	\$ 4,690
Bus replacement	<u>20,920</u>
Total unreserved - designated fund balance as of June 30, 1997	\$ <u>25,610</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(10) AGENCY FUND

The Board of Education was fiscal agent for a grant from the Hitachi Corporation to improve the county's public libraries. Total funds received and disbursed during the year was \$38,400.

(11) SPECIAL/EXCESS LEVY FUND

For the year ended June 30, 1996, the special/excess levy revenues and disbursements were accounted for in a separate governmental type fund. Management decided to discontinue this fund as of July 1, 1996. All special/excess levy revenues and disbursements are now accounted for in the general current expense fund.

(12) CHANGE IN ACCOUNTING METHOD

In prior years the Board of Education had accounted for the final state basic aid and Step 7 program receipts from the West Virginia Department of Education as a current year receivable. For the year ended June 30, 1997, the Board recorded the above as a deposit-in-transit.

(13) CAPITAL LEASE

The Board entered into a capital lease-purchase agreement for facility utility management systems for the Board's schools, central and repair and maintenance facilities with the Honeywell Corporation. The lease is payable in twelve monthly installments each year in the amounts of \$2,725 to \$2,955 each of principle and interest for the years ending 1994 through 2003.

The following is a schedule of future capital lease payments:

Year Ending	Amount
<u>June 30</u>	<u>Amount</u>
1998	\$ 35,460
1999	35,460
2000	35,460
2001	35,460
2002	35,460
Thereafter	<u>35,460</u>
Minimum lease payments for all leases	212,760
Less: Amount representing interest	<u>\$ (40,930)</u>
Present value of minimum lease payments	<u>\$ 171,830</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(14) RESTATEMENT OF BEGINNING FUND BALANCE

The fund balance at the beginning of the general current expense fund required the following restatement:

	<u>Amount</u>
Fund balance at June 30, 1996, as previously stated	\$ 103,545
Workers' Compensation Deposit at June 30, 1997	17,871
Workers' Compensation Deposit at June 30, 1996	<u>14,770</u>
Total adjustment	<u>3,101</u>
Adjusted fund balance, July 1, 1996	\$ <u>106,646</u>

(15) PRIOR PERIOD ADJUSTMENT

Certain reimbursements due were determined to be unrealizable in the prior year audit. Accordingly, an adjustment of \$15,808 was made to write down current assets and a corresponding entry to reduce unreserved undesignated fund balance. This adjustment was not made by the Board to their beginning fund balance.

**MONROE COUNTY BOARD OF EDUCATION
JUNE 30, 1997**

**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 SMART GROUP
A Professional Services Corporation

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

We have audited the financial statements of the Monroe County Board of Education as of and for the year ended June 30, 1997, and have issued our report thereon dated July 10, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 Monroe 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 finding MO36-1-97. We also noted certain immaterial instances of noncompliance that we have reported to the Monroe County Board of Education in a separate letter dated July 10, 1998.

SMART SOLUTIONS FOR BUSINESS PRODUCTIVITY AND PROFIT

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Internal Control over Financial Reporting

In planning and performing our audit, we considered the Monroe 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 of 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Monroe County Board of Education in a separate letter dated July 10, 1998.

This report is intended for the information of the officials of the board of education, management, and the West Virginia Department of Tax and Revenue and Federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

The Smart Group
THE SMART GROUP, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 10, 1998



**MONROE COUNTY BOARD OF EDUCATION
JUNE 30, 1997**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**



THE SMART GROUP
A Professional Services Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

We have audited the compliance of the Monroe 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, 1997. The Monroe 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 Monroe County Board of Education's management. Our responsibility is to express an opinion on the Monroe County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Nonprofit 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 Monroe County Board of Education's compliance with those requirements and performing 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 Monroe County Board of Education's compliance with those requirements.

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Honorable Members of the
Monroe County Board of Education
Page 2

In our opinion, the Monroe 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, 1997.

Internal Control over Compliance

The management of the Monroe 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 Monroe 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the officials of the board of education, management, and the West Virginia Department of Tax and Revenue and Federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

The Smart Group

THE SMART GROUP, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 10, 1998



MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 1997

Section I - Summary of Auditor's Results

Financial Reporting:

Type of auditor's report issued: Qualified
Internal controls over financial reporting:
Material weakness(es) identified: None
Reportable condition(s) identified not considered to be material
weakness(es): None
Noncompliance material to financial statements: MO36-1-97

Federal Awards

Internal control over major programs
Material weakness(es) identified: None
Reportable condition(s) identified not considered to be material
weakness(es): None
Type of auditor's report issued on compliance for major programs: Unqualified
Audit findings disclosed that are required to be reported in accordance with
Circular A-133 Section .510(a): None

Programs tested:

<u>CFDA Number</u>	<u>Program</u>
84.010	Title I Grants to Local Educational Authorities
93.600	Head Start Program
10.553/55	National Hot Breakfast and Lunch Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as a low-risk auditee: No

MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 1997

Compliance with State Regulations

FINDING: MO36-1-97

Expenditures in Excess of Available Funds -
General Current Expense Fund

CONDITION: We determined as a result of our audit that the Monroe County Board of Education incurred expenditures and/or obligations in the total cumulative funds in excess of available funds by \$426,111 during the fiscal year ending June 30, 1997. It should be noted that this deficit in the unreserved-undesignated fund balance is cumulative from past years and is not a result of current year's activity only.

CRITERIA:

West Virginia Code §11-8-28 states:

"... a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses.

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding fiscal year."

Compared to the approved levy estimate of \$17,167,454 in the General Current Expense Fund, the deficit of \$426,111 incurred by the Monroe County Board of Education during the year is not greater than the amount considered to be a casual deficit. West Virginia Code §11-8-27 states that:

"Any indebtedness created, contract made, or order or draft issued in violation of sections twenty-five and/or twenty six of this article shall be void."

MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 1997

West Virginia Code §11-8-28 states:

"Whenever a fiscal body expends money or incurs obligations in violation of sections twenty-five and/or twenty-six of this article, suit shall be instituted by the prosecuting attorney of the county or the attorney general of the state, in a court of competent jurisdiction to recover the money expended or to cancel the obligation."

EFFECT: Specifically, the unreserved undesignated fund balance had a cumulative deficit balance of \$426,111 as of June 30, 1997.

RECOMMENDATION: The Monroe County Board of Education is directed to satisfy this deficit in the levy estimate of the succeeding fiscal year, and to implement effective budgetary controls to insure that deficit spending is not incurred in the future.

Section III - Federal Award Findings and Questioned Costs

There were no federal program findings.

MONROE COUNTY BOARD OF EDUCATION
Corrective Action Plan
For the Year Ended June 30, 1997

For Information Contact: Mr. Robert Phillips, Treasurer of the Monroe County Board of Education

Action Plan: Finding MO36-1-97

Measures to control this problem have been set in place to reduce the deficit from year to year, and, for the most part, the deficit is slowly being reduced.

In the 1997-98 fiscal year, the Board decided to go to full-day, full-time kindergarten which increased our total enrollment and applied for additional funding. This will also show increased State Aid in the 1998-99 fiscal year.

The Board gave authorization to budget \$80,000 for building materials and supplies in our local levy for the fiscal year 1998-99 reducing the need greatly in the general fund and avoiding deficit spending. In the past, the levy balance was used to off-set deficit spending in utilities and building maintenance cost, but only with respect to balances.

A goal set by the Board and our County School Improvement Team, would reduce our deficit by ten percent each year through efforts and goals set by each school. This appears to be working and we will continue to exceed that goal.

Employment terms were reduced in 1996-97 in both professional and service personnel. This will remain in place until such time our deficit is eliminated.

Every effort to control and reduce the deficit is being sought. We have invited the State Performance Audit Team to Monroe County this fiscal year with the hope that additional recommendations will be given.

MONROE COUNTY BOARD OF EDUCATION
Schedule of Prior Audit Findings
For the Year Ended June 30, 1997

Finding: Budget Supplement not Signed by State Department of Education - Corrected

Finding: Expenditures in Excess of Available Funds - See current year finding MO36-1-97

Finding: Expenditures in Excess of Amounts Allocated in the Budget - See management letter

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Expenditure Deficiencies (Section 1-18 and 1-21)

CONDITION: We noted during our audit that five of twenty-six expenditures tested out of the general fund did not have a purchase order, four were lacking supporting invoices and four invoices were not canceled upon payment.

CRITERIA: The Accounting Procedures Manual for the Public Schools in the State of West Virginia (the Manual) states, "A purchase order system is to be maintained at each school whereby all purchases of materials, equipment, supplies and services are made through a pre-numbered purchase order approved in writing by the principal or designee before the purchase is made." The Manual further states, "Schools are not permitted to expend any funds unless an itemized claim (invoice) for payment is filed by the claimant. Invoices should be stamped as paid at the time payment is made. A convenient way to accomplish this is to use a cancellation stamp or list check number, date paid, amount paid and approved by on the invoice."

EFFECT: The purpose of maintaining a good purchase order system is to ensure school funds are expended in the proper manner. When expenditures are encumbered prior to an approved purchase order or in the absence of an approved purchase order, the possibility exists that subsidiary accounts could be obligated when sufficient funds are not available. When invoices are not canceled upon payment, the school may inadvertently pay the invoice twice.

RECOMMENDATION: We recommend the administrators at Union Elementary School adhere to the policy of generating purchase orders for all expenditures. This helps ensure that school funds are expended properly. We also recommend the administrators require all expenditures be backed up by a supporting invoice. In addition, we recommend the canceling of all invoices at the time payment is made.

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Inaccurate Annual Financial Statement for General Fund (Section 1-6 & 1-30)

CONDITION: It was noted during our audit that the annual financial statement (WVDE 11-10-24) submitted for the Union Elementary General Fund was inaccurate and did not follow proper fiscal year accounting procedures. Revenue was overstated by including a deposit in the amount of \$5,541.40 that was made on June 17, 1996, and expenditures were overstated \$424.33 due to four checks written in June, 1996, but included in expenditures for fiscal year ended June 30, 1997. The beginning fund balance was understated by \$5,451.40 as a result of the net effect of the revenue/expenditure inaccuracy.

CRITERIA: The Manual states, "Annual financial statements are to be prepared for each fund maintained by a school on forms provided by the State Department of Education. The annual financial statements are to be prepared on the fiscal year basis of July 1 through June 30 each year and are to include all financial activities of the school for the year for which prepared."

EFFECT: By failing to follow proper fiscal year accounting period requirements the annual financial statement prepared and submitted for the faculty senate fund for the year ended June 30, 1997, is inaccurate.

RECOMMENDATION: We recommend adhering to the requirements in the Manual applicable to fiscal year accounting procedures. All transactions occurring between July 1 and June 30 are to be included in the applicable year end financial statement.

ACTION PLAN FOR UNION ELEMENTARY SCHOOL FINDINGS: The treasurer will address all school findings in meetings with school principals and secretaries. These meetings, to be held in August 1998, will address accounting procedures and corrections will be expected.

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_____, 1999

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 representatives, covenants and certifications set forth in the Resolution and the Tax Certificate of the Issuer. Failure to comply with such representations, covenants and certifications could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), and has covenanted that it does not reasonably expect to issue, together with subordinate entities more than \$10,000,000 of tax-exempt obligations (other than private bonds) during the calendar year 1999. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provisions of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

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

In expressing this opinion, we have considered the litigation instituted in certain states including the State of West Virginia, such as Pauley v. Bailey, 324 S.E.2d 128 (W.Va. 1984) challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and, in our opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monroe 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.

Very truly yours,

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ELECTED OFFICIALS OF THE BOARD

Steve Miller, Board President

Mr. Miller was elected to the Board in 1992 and re-elected in 1996, with this term expiring in 2000. A graduate of Oak Hill High School and Concord College, he received his Masters Degree in Administration from Radford College, with additional graduate hours from Marshall and West Virginia Universities.

Mr. Miller is a member of the Peterstown Missionary Baptist Church and is presently serving as a Deacon and member of the Finance Committee.

He taught and coached one year in Monroe County before serving 2 years in the E.O. D. Special Forces in the Military. Following military service, he worked as a teacher and also as principal in Giles County, Virginia and Monroe County until retirement in 1988.

He is past president of the Peterstown Ruritan Club and is presently serving as Finance Chairman. He has served on the Board of Directors for the following: Beckley State Farmers Market, Red Sulphur Public Service District, Monroe Industrial Park and Springfield Nursing Home.

Mr. Miller and his wife, a retired school teacher, have 2 children and 3 grandchildren, who attend Monroe County schools.

Edward W. Pell

Mr. Pell was elected to the Board in 1994 and again in 1998, his current term expires in 2002. He is a graduate of Morgantown High School and West Virginia University, receiving Bachelor of Science and Master of Science Degrees. Mr. Pell is employed by West Virginia University as Manager of the Willow Bend Demonstration Farm. He is an Elder and Chairman of the Board of Directors for the Lindsie Christian Church.

He and his wife, who teaches in Monroe County, are the parents of 3 children and have 2 grandchildren.

Robert Weikle

Elected in 1990, Mr. Weikle is currently serving his 3rd term of office, with this term expiring in 2002. He graduated from Hinton High School and has been employed by Sibold Excavating in Union for 14 years.

Mr. Weikle has been a Little League baseball coach for 9 years and was Cub Master and a Scout Leader in Cub Scouts for 5 years. He also served on the West Virginia Extension Committee for 2 years.

Mr. Weikle and his wife reside in Union with their 2 sons, both of whom are students in Monroe County Schools.

Evelyn Hansbarger

Ms. Hansbarger was first elected to the Board in 1974 for a 6 year term. She was elected in 1998 to finish out a 2-year, unexpired, term which will end in 2000. She is a graduate of Huntington East High School and attended Marshall University. In addition to serving on the Board of Education, she also serves on the RESA I Board of Directors, is Treasurer of the Monroe County Historical Society, Treasurer of the Monroe Early Childhood Association and Chair of the County Chapter of the American Red Cross.

Prior to her retirement in 1995, Ms. Hansbarger was Fiscal Officer for the West Virginia Humanities Council.

She has 4 grown children and 2 grandchildren.

Shirley Neel

Appointed to the Board of Education in the spring of 1997, to fill the unexpired term of Harry Mohler, Mrs. Neel was elected in 1998 for a 4 year term, which will expire in 2002. She is a graduate of Union High School and attended Greenbrier Community College. She recently retired after 25 years as Administrator of the Monroe Health Center in Union. She is a Board Member of the West Virginia Rural Health Education Partnership Program and serves as a Deacon and pianist at the Carmel Presbyterian Church in Gap Mills. She has been a member of the Union Chapter of the Order of the Eastern Star for 26 years and is active in many community service programs and organizations.

Mrs. Neel and her husband have 3 children and 2 grandchildren.

Appointed Officials of the Board

Lyn Guy

Ms. Guy has been Superintendent of Monroe County Schools since September 1991. Previously, she served as Upper School Director/Assistant Headmaster at Carlisle School in Martinsville, Virginia, in addition to directing the theater program and teaching English. Prior to that, she taught English and Drama at Person Senior High School in Roxboro, North Carolina and directed amateur summer theater and the high school theater program, as well as children's theater for the Person County Department of Parks and recreation.

A graduate of Union High School, she received her B.S. Degree from Concord College with teaching fields in English, Speech and Drama. Her Master of Science Degree from Duke University includes a focus on the teaching of writing as well as English curriculum. She was a student at the Breadloaf School of English in Middlebury, Vermont and served as an adjunct instructor at Patrick Henry Community College in Martinsville, Virginia. Additional course work leading to her Doctorate in Education Leadership as well as the Superintendent's Certificate and administration have been completed at both Marshal University Graduate College and West Virginia University with graduation slated for December 1999 in the doctoral program.

Ms. Guy has been a member of the Monroe County Coalition for Children and Families Board of Directors since 1992, is a member of the West Virginia School Personnel Association, the West Virginia Association of School Administrators, and the American Association of School Administrators. She was the County Chair for the American's Promise drive in 1997-98 and is currently serving as Chair of the Southeastern Tech Prep Consortium, as well as serving on numerous grant administrative boards.

Robert Phillips

A 1975 graduate from West Virginia Institute of Technology with a B.S. Degree in Comprehensive Business Education, Mr. Phillips began his career as a classroom teacher from 1975 - 1979 before filling the position of Business Manager for Monroe County Board of Education. In 1981 he was appointed Treasurer.

Mr. Phillips entered college in 1965 and completed one year, but due to the Vietnam conflict was unable to gain financial support to continue, enlisted in the U.S. Navy and completed 4 years of military service. During his tenure with the Navy, he served 2 tours in Vietnam, the last year with the Navy river boats known as the "Swifts". After his military service, he returned to complete his degree work in 1971.

Mr. Phillips and his wife have 3 children and are the grandparents of 4 grandchildren.

In recent years he has served as President of the West Virginia Association of School Business Officials and Chair of the Southeastern Association of School Business Officials. He is active as a member of the Masonic Lodge, as well as serving as a Deacon and Sunday School teacher in his local church.

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by The Board of Education of the County of Monroe (West Virginia) (the "Issuer") in connection with the issuance of \$2,100,000 The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated March 18, 1999 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b) (5).

SECTION 2. Definitions. In addition the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

"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).

"Dissemination Agent" shall mean United National Bank, Charleston, West Virginia, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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 Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently July 30), commencing with the report for the 1999 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give 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 said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. Core financial information and operating data for the prior fiscal year, including (i) the Board's audited general purpose financial statements, prepared in accordance with rules prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles, and (ii) material historical quantitative data on the Board's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "School District's Receipts and Expenditures" including, tax levies and collection data;

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice 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. defeases.
10. release, substitution, or sale of property securing repayment of the securities.
11. interruptions in normal assessment and ad valorem property tax procedures and collections.
12. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the Repositories and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, 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 Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 Resolution for amendments to the Resolution 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 Certificate, 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(c), 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 Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Issuer shall have no obligation under this Certificate 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 to comply with any provision of this Disclosure Certificate (and, at the request of the Original Purchaser), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July ____, 1999

THE BOARD OF EDUCATION OF THE COUNTY OF
Monroe

By _____
Its: Secretary

GBB.GBB.0053822

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Board of Education of the County of Monroe (West Virginia)
Name of Bond Issue: \$2,100,000 The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999
Date of Issuance: July 1, 1999

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section ___ of the Certificate dated July ___, 1999. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BOARD OF EDUCATION OF THE COUNTY OF
MONROE

By _____

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **July 1, 1999.**

Bloomberg Municipal Repository

P. O. Box 840
Princeton, NJ 08542-0840
Internet address: MUNIS@bloomberg.doc
(609) 279-3235
Facsimile: (609) 279-5963

Thomson NRMSIR

Attn.: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Internet address: Disclosure@muller.com
(212) 807-5001 or (800) 689-8466
Facsimile: (212) 989-2078

Disclosure, Inc.

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701
Facsimile: (201) 947-0107
Internet Address: nrmsir@dpcdata.com

Kenny Information Systems, Inc.

65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4568
Facsimile: (212) 797-7994
Contact: Joan Horai, Repository

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APPENDIX F

OFFICIAL NOTICE OF SALE
 \$2,100,000
 THE BOARD OF EDUCATION
 OF THE
 COUNTY OF MONROE, WEST VIRGINIA
 PUBLIC SCHOOL BONDS, SERIES 1999

Sealed proposals will be received on behalf of The Board of Education of the County of Monroe, (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on July 8, 1999, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the \$2,100,000 Public School Bonds, Series 1999 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on June 1 in the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2000	90,000	2008	145,000
2001	100,000	2009	150,000
2002	110,000	2010	160,000
2003	115,000	2011	165,000
2004	120,000	2012	175,000
2005	125,000	2013	185,000
2006	130,000	2014	195,000
2007	135,000		

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monroe 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 July 1, 1999, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

At the option of the Board, the 1999 Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment

date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State 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 National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from July 1, 1999, and will be payable December 1, 1999, and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Lyn Guy, Superintendent of Schools of the County of Monroe, 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 \$2,100,000) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must not state (a) any interest rate which is in excess of 7% per annum, (b) more than one interest rate for any Bonds having like maturity, or (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), or (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds (\$42,000), payable to the order of The Board of Education of Monroe County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as part payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

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 \$42,000 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 County 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 County \$42,000 in immediately available funds not later than 12:00 noon (West Virginia time) on the next business date succeeding the date of award of the Bonds. In the event that the County has not received such federal funds wire by the time stated, the County 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 July 1, 1999, 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 Monroe, West Virginia". The Bonds will be delivered on or about July 22, 1999, 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 Bowles Rice McDavid Graff & Love, 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 is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monroe County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies with respect to the Bonds may be limited

by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the Sale of the Bonds and at all time subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) an arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for

all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds. The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Ms. Guy, Superintendent, Monroe County Board of Education, PO Box 330, Union, WV 24983 (telephone 304/772-3094) or from Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE
By: /s/ Lyn Guy
Secretary, The Board of Education of the County of Monroe

DATE: June 24, 1999

OFFICIAL FORM OF PROPOSAL

July 8, 1999

Ms. Guy, Superintendent
 The Board of Education of
 the County of Monroe, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Madam:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated June 24, 1999, which are hereby made part of this bid, we offer to purchase all of the \$2,100,000 The Board of Education of the County of Monroe, (West Virginia), Public School Bonds, Series 1999, described in said Official Notice of Sale, for the price of \$2,100,000 plus a premium of \$_____ plus accrued interest from July 1, 1999, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	\$ 90,000	%	2008	\$145,000	%
2001	100,000		2009	150,000	
2002	110,000		2010	160,000	
2003	115,000		2011	165,000	
2004	120,000		2012	175,000	
2005	125,000		2013	185,000	
2006	130,000		2014	195,000	
2007	135,000				

Enclosed is 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 Monroe, (West Virginia), for \$42,000, which check is to be returned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

Name of Bidder
 By: _____

The foregoing proposal is hereby accepted this ____ day of ____, 1999.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: _____

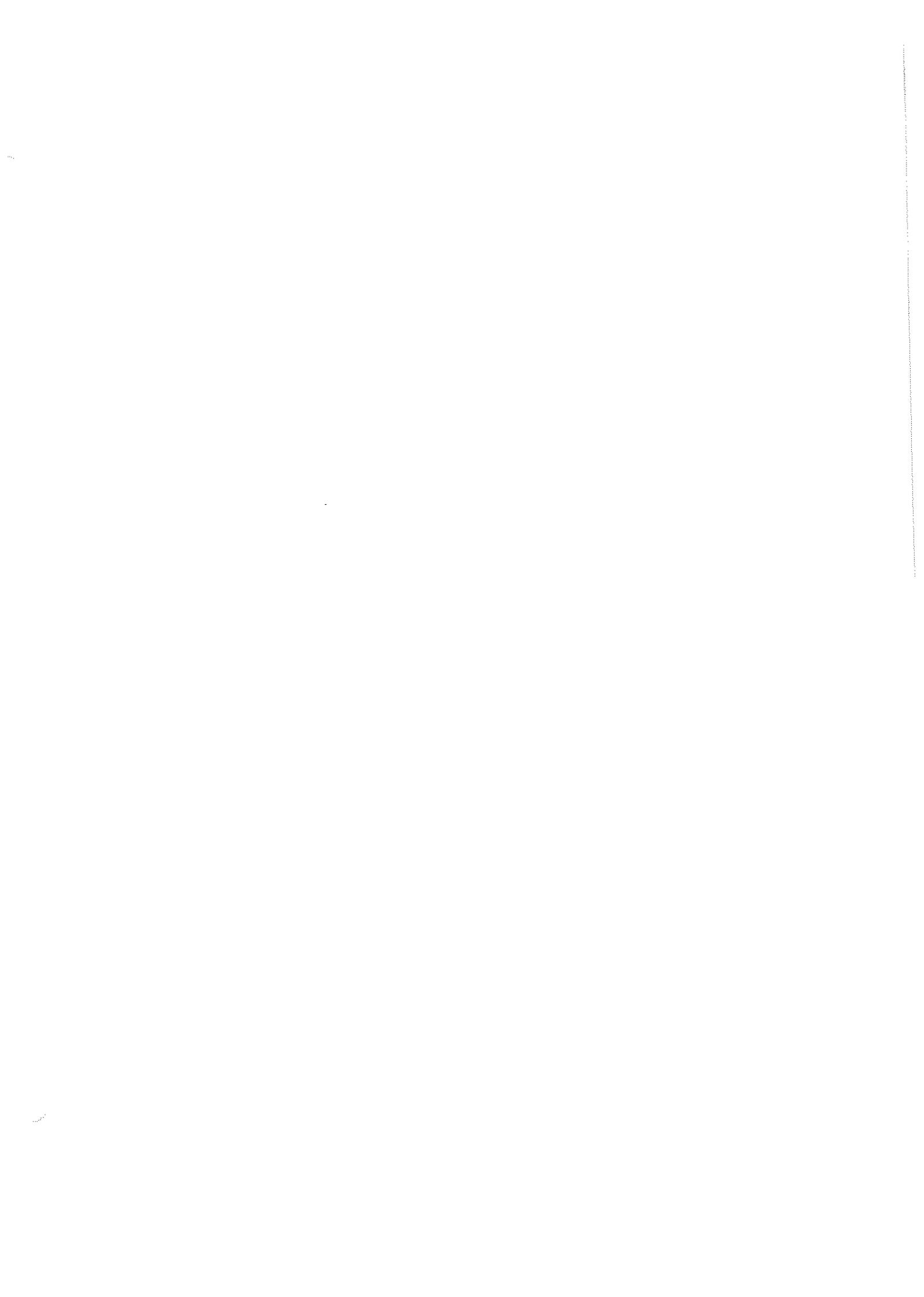
(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	\$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	_____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____





NEW ISSUE - FULL BOOK ENTRY

Rating: Standard & Poor's: "AA-"
(See "Ratings" 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 EXEMPTION" 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 EXEMPTION" herein.

\$2,100,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONROE (WEST VIRGINIA)
Public School Bonds, Series 1999

Dated: July 1, 1999**Due:** June 1, as shown below

The Bonds are general obligations of the Board of Education of the County of Monroe, West Virginia, (the "Board") which Board has power and is obligated to levy ad valorem taxes upon all the taxable property within the Monroe 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 National Bank, Charleston, West Virginia as Registrar.

Interest on the Bonds will accrue from July 1, 1999 and will be payable December 1, 1999 and semiannually thereafter (each June 1 and December 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

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

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

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

<u>Maturing</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Maturing</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2000	90,000	4.625%	3.50%	2008	145,000	4.75%	4.60%
2001	100,000	4.75	3.90	2009	150,000	4.75	4.65
2002	110,000	4.75	4.00	2010	160,000	4.75	4.70
2003	115,000	4.75	4.15	2011	165,000	4.75	4.72
2004	120,000	4.75	4.25	2012	175,000	4.75	4.75
2005	125,000	4.75	4.35	2013	185,000	4.75	4.78
2006	130,000	4.75	4.45	2014	195,000	4.80	4.80
2007	135,000	4.75	4.55				

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love, PLLC, Charleston, West Virginia, Bond Counsel. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about July 22, 1999.

DATED: July 8, 1999**FIRST UNION CAPITAL MARKETS CORP.**

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

ELECTED OFFICIALS

Steve Miller, President
Evelyn Hansbarger
Shirley Neel
Edward W. Pell
Robert Weikle

APPOINTED OFFICIALS

Lyn Guy, Superintendent
Robert Phillips, Treasurer

BOND COUNSEL

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

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OFFICIAL STATEMENT
 Relating To
 \$2,100,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONROE (West Virginia)
 Public School Bonds, Series 1999

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$2,100,000 in aggregate principal amount of The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"). A brief description of the Board of Education of the County of Monroe, West Virginia (the "Board"), the Monroe County School District (the "School District") and the County of Monroe, West Virginia (the "County" or "Monroe 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 July 1, 1999, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on June 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

<u>Maturing June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2000	90,000	4.625%	3.50%
2001	100,000	4.75	3.90
2002	110,000	4.75	4.00
2003	115,000	4.75	4.15
2004	120,000	4.75	4.25
2005	125,000	4.75	4.35
2006	130,000	4.75	4.45
2007	135,000	4.75	4.55
2008	145,000	4.75	4.60
2009	150,000	4.75	4.65
2010	160,000	4.75	4.70
2011	165,000	4.75	4.72
2012	175,000	4.75	4.75
2013	185,000	4.75	4.78
2014	195,000	4.80	4.80

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 National Bank, Charleston, West Virginia as the Registrar.

Interest on the Bonds will accrue from July 1, 1999 and will be payable December 1, 1999 and semi-annually thereafter (each June 1 and December 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 1999 Bonds are not subject to optional redemption prior to June 1, 2009. At the option of the Board, the 1999 Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period Within Which Redeemed</u>	<u>Redeemed Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

Book-Entry Only System

The Series 1999 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 1999 Bonds will not receive certificates representing their interests in the Series 1999 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 1999 Bonds ("Securities"). The Series 1999 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 1999 Bond will be issued for each issue of the Series 1999 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record

date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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

For every transfer and exchange of the Series 1999 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation hereto.

In the event the Board determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 1999 Bond certificates, the Board may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 1999 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 1999 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 1999 Bonds at any time by giving notice to the Board and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Board and the Registrar shall be obligated to deliver Series 1999 Bond certificates as described in the Resolution. In the event the Series 1999 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption

price of and interest on such Series 1999 Bond certificates. Whenever DTC requests the Board and the Registrar to do so, the Registrar and the Board will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 1999 Bonds to any Participant having the Series 1999 Bonds credited to its DTC account or (b) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 1999 Bonds.

DTC management is aware that some computer applications, systems and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems". DTC has informed its participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to (i) impress upon them the importance of such services being Year 2000 complaint; and (ii) determined the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Purpose

The Bonds are being issued for the purpose of six projects, including: (1) construction for Peterstown Elementary School; (2) improvements to Peterstown Middle School; (3) repairs to Monroe County Technical School; (4) improvements to James Monroe High School; (5) equipment and furniture for Mountain View Elementary/Middle School, and (6) replacement of bus garage. For more details see Appendix C.

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 general election in the School District held on February 27, 1999, 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 15 1/2

years from the date of the Bonds and an interest rate not exceeding 7% per annum. The canvass of said special election showed 1245 "Yes" votes and 1064 "No" votes, a 54% 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 West Virginia Municipal Bond Commission (the "Commission"), successor to the State Sinking Fund Commission, is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, as Treasurer of the County, and the Treasurer of the Board forwards the proceeds thereof to the Commission. The Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 1999 Budget Bill is indicative:

Sec. 12. 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 of or interest on any general obligation bonds issued by the Board of Education of the County of Monroe. 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.

MONROE 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 2000, the terms of two members will expire and in 2002, the terms of three members will expire. The process will be repeated every two years thereafter.

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

The Monroe County school system has a central office staff of 2.5 administrators (superintendent, student services-special education, 1/4 preschool director and 1/4 elementary education director) under the formula. Federal funds pay for an additional 1.5 administrators – 3/4 Title I director, 3/4 head Start Director. These administrators coordinate and supervise the activities of 6.5 additional administrators, 137.38 instructional staff and 95.835 service personnel. Total F.T.E. positions are 242.215. The estimated pupil teacher ratio for the 1998-99 school year is 14.4:1 (combined elementary, middle and secondary schools). The total adjusted student enrollment is 2750.25; actual student enrollment (head count) is 2049 students..

Facilities of the Monroe County School District

<u>School</u>	<u>Grades</u>	<u>Type of Construction</u>	<u>Date of Construction</u>	<u>Renovations (R) or Additions (A)</u>
Gap Mills School	4-8	Masonry/ Cinder block	1945	(A) 1950, 1956 (A) 1972 (A) 1982 (A) 1987 (trailer) (A) 1994 (2 trailers)
Union Elementary	PK-3	Masonry/steel	1962	(A) 1970, 1971 (A) 1984
Peterstown Elementary	PK-4	Masonry/steel	1962	(A) 1970, 1974 (A) 1980, 1984 (A) 1989

Facilities of the Monroe County School District (Continued)

<u>School</u>	<u>Grades</u>	<u>Type of Construction</u>	<u>Date of Construction</u>	<u>Renovations (R) or Additions (A)</u>
Peterstown Middle	5-8	Masonry	1953	(A) 1954-1984 (R) 1997-98
Monroe County Technical School	9-12	Masonry/wood	1980	(A) 1997
James Monroe High	9-12	Masonry/steel	1994	

Source: Monroe County Schools

Monroe County 2nd Month Enrollment History*

<u>19--</u>	<u>86-87</u>	<u>87-88</u>	<u>88-89</u>	<u>89-90</u>	<u>90-91</u>	<u>91-92</u>	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>
K	164	173	159	159	145	146	147	141	159	155	118	148	164
1	159	162	177	177	159	150	147	152	140	155	166	135	149
2	156	157	153	170	151	110	144	142	143	146	143	159	127
3	155	144	154	149	172	163	108	145	136	134	140	140	159
4	152	152	160	160	142	182	164	108	138	144	137	142	135
5	152	145	146	150	161	139	181	158	120	140	142	145	143
6	164	148	155	146	155	162	138	190	165	119	152	145	142
7	195	181	179	160	151	164	171	159	200	171	132	171	139
8	171	180	172	181	161	153	173	158	157	184	171	128	155
9	185	185	178	165	177	149	157	183	150	145	184	172	122
10	185	193	175	172	161	160	145	160	170	147	144	179	162
11	161	172	170	169	171	161	166	136	147	149	137	140	174
12	160	160	170	174	154	176	147	169	124	134	145	129	137
Total	2178	2159	2152	2075	2014	2015	1988	2001	1949	2036	2042	2066	2049

Projected Enrollment

1999-2000	2024
2000-2001	1952
2001-2002	1941
2002-2003	1957
2003-2004	1943

Annualized Rate of Decrease in Enrollment

1983-1984	2279
1989-1999	2049

230 divided by 2279 = 10.09% divided by 16 years = .006%

*Includes preschool special needs (4 year old student) and Head Start program (preschool 3-4 year old students), which would add the following students: year 91-92 - 93 students; 92-93 - 89 students; 93-94 - 92 students; 94-95 - 84 students; 95-96 - 105 students; 96-97 - 131 students; 97-98 - 138 students; 98-99 - 141 students.

Tax Collection Procedures

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

Monroe County School District Tax Levies and Collections

(General Current) Year	Projected Gross Tax %100	Projected Net Tax Collections at 93% Less Assessors Fee	Actual Collections	Actual %
1993-94	712,552	649,420	667,716	93.7
1994-95	740,758	692,297	753,045	101.7
1995-96	789,910	711,721	713,756	91.4
1996-97	850,351	775,010	792,840	93.2
1997-98	885,536	807,077	852,664	96.3
1998-99	935,378	852,503	N/A	N/A

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment 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 1998 assessment year valuations are made as of July 1, 1997, with taxes levied and collected during the fiscal year July 1, 1998, through June 30, 1999.

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

Property Classification

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

Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

The Monroe County School District includes all of Monroe County and has the same assessed valuation of property therein as does the entire county. Between 1973 and the current fiscal year, the average assessment for each of the four classes of property in a county had to be at least approximately 50% of the State appraised values. The State Tax Commissioner has authority to "appraise" property to determine its "true and actual value". Thus, in practice, most properties by class were assessed at least at approximately 50% of their appraised values.

In Killen vs. Logan County Commission, the Supreme Court of Appeals of West Virginia held that insofar as West Virginia Code 18-9A-11 provides that the total assessed valuation in each of the four (4) classes of real property (see "Property Classification") shall not be less than fifty percent (50%) nor more than one hundred percent (100%) of the State Tax Commissioner's appraised valuation of each of said classes of property, it violates the constitutional guarantee of equal and uniform taxation, as provided under Article X, Section 1, thereof. The Court found that property was not being adequately assessed in any county in the State for property tax purposes and placed the blame on the historic passivity of the State Tax Commissioner in the administration, supervision, and enforcement of the property tax. The Court identified a number of shortcomings in property tax administration and directed the State Tax Commissioner to prepare a plan to correct those deficiencies.

The West Virginia Legislature addressed the Court's concern with the Property Tax Limitation and Homestead Exemption Amendment of 1982, which was passed by voters in the general election held November 2, 1982. As a result, Article X, Section 1b of the Constitution of the State of West Virginia has been amended such that the four (4) classes of real property will be assessed at sixty percent (60%), rather than one hundred percent (100%), of the State Tax Commissioner's appraised valuation. The Amendment also provided that a statewide reappraisal be completed, certified and published on or before March 31, 1985. The reappraisal would result in an increase or decrease in the existing appraised value of property subject to ad valorem taxation in each county which would, in turn, result in an increase or decrease in the assessed value of such property and the taxes levied based upon such assessment. Moreover, any resulting increase in value would be allocated over a period of ten (10) years in equal amounts annually. The reappraisal has been completed but the results of the reappraisal have not been released for use by the counties. The State Tax Division is now completing computerized studies and statistical analyses in an effort to correct system errors in the reappraisal.

Chapter 11, Article 1C of the West Virginia Code, as amended by Acts of the 1990 Legislature, regular and third special session, requires all assessors to appraise all property at fair market value (except for certain farm property), within three years of the effective date of the legislation and with updated appraisals every three years thereafter. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The legislation limits the increase in property taxes that could result

from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The legislation specifically provided that assessors should not implement the reappraisal described above. The legislation requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994. The Board does not believe the legislation will have any impact on the Board's ability to levy taxes to pay the principal of or interest on the Bonds.

Assessed Valuation By Property Class

<u>Class</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
I	\$ 6,687,904	\$ 7,000,925	\$ 7,816,786	\$ 6,868,872	\$ 6,490,505
*II	\$70,461,838	\$73,462,783	\$74,858,830	\$77,151,133	\$80,690,548
III	\$56,322,321	\$63,521,071	\$66,206,524	\$66,849,095	\$71,123,951
IV	\$ 9,634,382	\$10,003,522	\$11,050,507	\$11,380,410	\$11,013,428
TOTALS	\$143,106,445	\$153,988,301	\$159,932,647	\$162,249,510	\$169,318,432

Assessed Valuation By Property Category

<u>Category</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>
Real	\$91,885,597	\$95,693,701	\$96,195,657	\$98,403,061	\$101,210,522
Personal	\$28,314,948	\$34,843,300	\$39,670,690	\$40,148,949	\$ 43,856,827
Public Utility	\$22,905,900	\$23,451,300	\$24,066,300	\$23,697,500	\$ 24,251,083
Totals:	\$143,106,445	\$153,988,301	\$159,932,647	\$162,249,510	\$169,318,432

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

- \$ 24,521,831 in 1995-96
- \$ 24,532,128 in 1996-97
- \$ 24,877,793 in 1997-98
- \$ 24,798,434 in 1998-99
- \$ 25,157,022 in 1999-00

Largest Assessed Valuations

1999 Current Assessed Valuation

<u>Name of Property Owner</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III& IV</u>
Appalachian Power Co.	\$209,767		\$8,968,458
Bell Atlantic	\$168,984		\$3,016,745
Columbia Gas	\$ 7,864		\$3,387,172
Craig-Botetourt Electric	\$ 4,800		\$ 367,500
CSX Transportation, Inc.			\$1,077,480
Bank of Monroe	\$ 97,880		\$1,455,835
Bank of Greenville			\$ 394,680
First National Bank of Peterstown			\$ 519,902
Utilicorp United, Inc.	\$134,564		\$2,268,202
Union Concrete Products	_____		<u>\$ 162,900</u>
TOTALS	\$623,859		\$21,618,874

Source: Monroe County Assessor

Tax Rate Comparisons

The following shows Monroe County property tax rates 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 1998; Fiscal year 1998-99:

Rates of Levy

<u>County</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III/IV</u>
MONROE	49.95	99.90	199.80
Greenbrier	46.68	93.37	186.74
Mercer	57.98	115.96	231.92
Summers	35.03	70.06	140.12

(This includes the total levy for State, County and schools in each County listed above)

Source: State of West Virginia
Department of Tax and Revenue

County Tax Rates

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

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies may not continue for more than three years in the case of municipalities and counties, or for more than five years in the case of boards of education without resubmission to the voters.

School Tax Rates

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

Monroe County, West Virginia
School Current Tax Rates
 by Property Class
 Cents per \$100

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Class I	20.48	20.48	20.48	20.48	20.48
Class II	40.96	40.96	40.96	40.96	40.96
Class III/IV	81.92	81.92	81.92	81.92	81.92

Source: State of West Virginia, Dept. of Tax and Revenue

School Excess Levy
 Tax Rates - By Property Class
 Cents Per \$100

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Class I	0	14.92	14.92	14.92	14.92
Class II	0	29.84	29.84	29.84	29.84
Class III/IV	0	59.68	59.68	59.68	59.68

Source: State of West Virginia, Dept. of Tax and Revenue

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.

The tax rates for citizens of the County, including those imposed by the Monroe County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 1998-99 fiscal year, are as follows:

Rates of Levy

<u>Tax Type</u>	<u>Class I</u>	<u>Class II</u>	<u>Class III/IV</u>
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
School Current	20.48	40.96	81.92
School Excess	14.92	29.84	59.68

Source: State of West Virginia, Department of Tax and Revenue

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 1998-99 fiscal year.

<u>Municipality</u>	<u>Class I</u>	<u>Class II</u>	<u>Class IV</u>
Peterstown	12.50	25.00	50.00
Union	12.34	29.68	49.36
Alderson	17.35	34.70	69.40

Source: State of West Virginia, Department of Tax and Revenue

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

Summary of Statistical Debt Information

Population (1990)	12,406
Assessed Valuation *	\$169,318,432
Debt Limit (5% of Assessed Valuation)	\$ 8,465,921
Outstanding Debt (including the Series 1999 Bonds)	\$ 2,100,000
Debt Contracting Margin	\$ 6,365,921
Per Capita Debt	\$ 169.27
Outstanding Debt As Percentage Of Assessed Valuation..	1.24%

* Assessed Value is estimated to be approximately 60% of appraised or market value. (Fiscal Year 2000 Assessed Valuation)

Debt Service Requirements

Prior to the issuance of the Bonds, the Board had no outstanding debt.

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

Schedule of Bonded Indebtedness
Public School Bonds
Series 1999

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	90,000	91,423.75	181,423.75
2001	100,000	95,572.50	195,572.50
2002	110,000	90,822.50	200,822.50
2003	115,000	85,597.50	200,597.50
2004	120,000	80,135.00	200,135.00
2005	125,000	74,435.00	199,435.00
2006	130,000	68,497.50	198,497.50
2007	135,000	62,322.50	197,322.50
2008	145,000	55,910.00	200,910.00
2009	150,000	49,022.50	199,022.50
2010	160,000	41,897.50	201,897.50
2011	165,000	34,297.50	199,297.50
2012	175,000	26,460.00	201,460.00
2013	185,000	18,147.50	203,147.50
2014	195,000	9,360.00	204,360.00
TOTAL	\$2,100,000	\$883,901.25	\$2,983,901.25

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Permanent Improvement Fund

The Permanent Improvement Fund is a separate and distinct fund and may be used only for the support of building and permanent improvement projects. Revenues consist of (1) proceeds of the levy allocated to the fund, (2) unexpended balances of other funds transferred to the fund, and (3) any other moneys authorized by law to be used for the purposes of the fund. Revenue will also consist of interest on investments.

4. General Current Expense Fund

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

restricted and unrestricted purposes, and (4) Federal aid received directly or through the State, usually categorical or restricted.

Investment of Certain Funds

Proceeds of tax collections relating to the Bonds which are transferred to the 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 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. This does not agree in certain respects with the accounts and fund structure recommended by Generally Accepted Accounting Principles (GAAP) and the American Institute of Certified Public Accountants.

Annual Audit

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

Budgetary Procedures

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

- July Overall goals are revised and established by the Board. Implementation and evaluation of Board goals are established by the Superintendent.
- October Student enrollment and personnel employee numbers are gathered 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.
- No later than May 30* 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
- August Board advised of ending balances for previous fiscal year. Board and Administration evaluates status for current fiscal obligations in relation to ending balances and established budgetary changes necessitated.

Internal Control

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

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

Monroe County School District
Revenue and Expenditures
General Current Expense Fund

	1995-96 <u>Budget</u>	1996-97 <u>Budget</u>	1997-98 <u>Budget</u>
<i>Revenues Collected</i>			
Property Taxes	711,721	1,396,671	1,454,461
Other Local Sources	236,414	194,900	179,199
Intermediate Source	48,807	45,806	48,495
State Sources	8,504,422	13,821,722	14,579,509
Federal Sources	1,412,962	372,053	1,551,329
Miscellaneous	<u>888</u>	<u>133,861</u>	<u>136,770</u>
Total Revenues	10,915,214	15,965,313	17,949,763
<i>Expenditures Paid</i>			
Regular Programs	5,211,106	5,662,060	5,989,778
Special Education	1,046,239	1,061,829	1,593,484
Vocational Education	564,222	613,376	648,305
Other Elementary/ Secondary Programs	1,400	71,074	69,708
Adult/Continuing Ed Program	37,638	33,068	5,070
Community Services	115,829	212,484	141,695
Undistributed	<u>4,331,698</u>	<u>8,709,889</u>	<u>10,015,107</u>
Total Expenditures	11,308,132	16,363,780	18,463,147
Excess (deficiency) of revenues collected over expenditures paid	(391,918)	(398,467)	(513,384)
Transfers In (Out)		802,674	
Restatement of Fund Balance			
Beginning Fund Balance	387,918	(404,207)	558,519

Source: Monroe County Board of Education

Monroe County School District
Revenue and Expenditures
General Current Expense Fund

	1995-96	1996-97	1997-98
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
<i>Revenues Collected</i>			
Property Taxes	713,756	1,447,615	1,535,758
Other Local Sources	340,883	318,861	313,221
Intermediate Sources	39,852	62,913	83,842
State Sources	8,469,205	8,583,972	9,868,411
Federal Sources	1,244,058	1,448,521	1,611,984
Miscellaneous	1,006	143,924	141,789
Total Revenues Collected	10,808,760	12,005,811	13,555,006
<i>Expenditures Paid</i>			
Regular Programs	5,111,027	5,415,314	5,593,359
Special Education	1,079,497	1,091,781	1,521,565
Vocational Education	545,300	554,882	616,258
Other Elementary/ Secondary Programs	1,400	63,270	65,252
Adult/Continuing Education	32,292	27,682	4,045
Community Services	88,382	155,552	140,554
Undistributed	4,247,294	4,493,170	5,315,613
Total Expenditures	11,105,192	11,801,651	13,256,646
Excess (deficiency) of Revenues collected over expenditures paid	(296,432)	204,160	298,359
Transfers In (Out)	(5,000)	181,013	
Restatement of Fund Balance		3,102	
Beginning Fund Balance	343,102	103,545	558,519
Prior Period Adjustment		15,802	
Add (Deduct) net change in certain Receivables	<u>61,875</u>	<u>50,897</u>	<u>(80,443)</u>
Ending Fund Balance	103,545	558,519	776,435
Source: Monroe County Board of Education			

Teachers Retirement Systems

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

Teachers Defined Benefit Retirement System

The Teachers' Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of June 30, 1997, 22,394 retirees and beneficiaries were receiving benefits; as of July 1, 1997, there are 32,742 active members. The plan closed for new members as of July 1, 1991.

Members contribute 6% of annual earnings. Effective July 1, 1994, employers covered by the School Aid Formula (the 55 county public school system) contribute 15% of a member's annual earnings; and other employers contribute 7.5%. Employers also contribute 7.5% of the Teachers Defined Contribution Retirement System (TDCRS) member's annual earnings to TRS. A member who withdraws from service for any cause other than death or retirement may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 1997 by Peter Verne of Buck Consultants. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 8.0% annually, net of expenses. As of July 1, 1997, the unfunded liability of TRS was \$3.477 billion, based on recognized valuation of assets at \$683.8 million. The funded percentage was 23%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of June 30, 1998, there were approximately 14,000 members in the TDCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Members may choose from five separate investment options, which include government security mutual funds, common stock mutual funds, guaranteed insurance contract mutual funds and individually allocated annuities.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and earnings allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Any forfeitures arising from contributions will be transferred to TRS. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source:

State of West Virginia
Consolidated Public Retirement Board

Insurance Coverage

1. Type	Amount in Force (FY 1998-99)
Fire, extended coverage/buildings and personal property (including computer equipment)	\$30,182,327
Public official position bond:	
Superintendent	\$10,000
Board President	\$10,000
Treasurer	\$200,000
Blanket Bond	
Fidelity Honesty Bond (all employees)	\$ 5,000
Money & Securities (all employees)	\$ -0-
Deductible - \$1000 per occurrence	

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 1998 to June 30, 1999. 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 not to exceed \$50,000 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. However, defense costs are subject to the aggregate limit of liability and will be charged to it.

Source: Monroe County Board of Education

Year 2000 Compliance

The year 2000 (Y2K) issue relates to shortcomings of many electronic data-processing systems and other equipment that may adversely affect the operations of Monroe County Schools in the year 1999 and beyond.

Monroe County Schools are in the process of inventorying computers in its school information and financial operations. Computers are relatively new (four years or less) and should be Y2K compliant. Financial software for schools is being reviewed with updates to be purchased to make their operations complaint. The HVAC systems are under contract with Honeywell, Inc., and will be maintained for compliance.

RESA I has provided a great deal of assistance to Monroe County Schools in conducting inventories, providing upgrade information and compliance corrections both with the computer systems and utility companies. Through their assistance, we hope to provide uninterrupted services based on assurances from each utility company that their services are in compliance.

The Board uses the West Virginia Education Information System (WVEIS) for financial reporting, payroll and employee benefits and educational statistics reporting. The West Virginia Department of Education (WVDE), as overseer of WVEIS, is responsible for remediating the systems. The WVDE has purchased computer Information Management Systems for Schools (CIMS), Y2K compliant software and maintenance from National Computer Systems (NCS). NCS tested the software conversion using beta test sites to validate the software. The conversions were received by WVDE in July 1998 and installed on WVEIS in November 1998.

Monroe County Schools currently is assessing the changes needed in the heating and cooling systems. Systems may have to be remediated, and tested and validated.

Because of the unprecedented nature of the Y2K issue, its effects and the success of remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Monroe County Schools is or will be Year 2000 ready, that Monroe County School's remediation efforts will be successful in whole or in part, or that parties with whom Monroe County Schools does business will be Year 2000 ready.

Monroe County Schools has no significant resources committed to Y2K compliance as of June 30, 1999.

COUNTY OF MONROE

Introduction

Monroe County (the "County") is located in the southeastern section of West Virginia. The City of Union is the county seat. The County is located 71 miles from Roanoke, Va., 120 miles from Charleston, WV and 159 miles from Winston-Salem, NC.

The County is governed by, and generally acts through, The County Commission of Monroe County. The present Commissioners of the County Commission, elected on a countywide basis, are Dr. Craig Mohler, Oliver Porterfield and Franklin Campbell. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.

Population

The population of the County is indicated in the following table:

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1990	12,406	1,793,477
1997	13,157	1,815,787

Source: West Virginia Bureau of Employment Program

Economy

The 5 largest employers, the type of business and number of employees for such companies for the year 1996 in the County are:

<u>Employer</u>	<u>Product/Service</u>	<u>No. of Employees</u>
BF Goodrich	Manufacturing	300
Monroe County Board of Education	Education	270
Federal Prison System	Corrections	182
Springfield Comp. Care, Inc.	Nursing Home	82
Monroe Co. Council on Aging	Health	55

Source: WV Bureau of Employment Security
Labor and Economic Research
Individual Employers

EMPLOYMENT AND INCOME STATISTICS

Average Annual Unemployment Rates

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1991	12.0%	10.6%
1992	9.4	11.4
1993	9.1	10.9
1994	9.0	8.9
1995	7.0	7.9
1996	6.0	7.5
1997	5.8	6.9

Average Annual Employment by Industry

<u>Industry</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Mining	10	10	0	0
Construction	80	100	120	110
Manufacturing	280	320	320	350
Transportation, Public Utilities	100	100	120	120
Wholesale and Retail Trade	270	280	270	280
Finance, Insurance, Real Estate	50	50	50	50
Services	470	510	540	570
Government	800	750	750	720

Average Employment and Annual Wage

	<u>Average Employment</u>		<u>Average Annual Wage</u>	
	<u>1996</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>
Monroe County	4,830	4,900	\$20,727	\$21,603
West Virginia	662,606	669,108	24,074	24,715

Source: WV Bureau of Employment Programs
Labor and Economic Research

Per Capita Personal Income, 1996

<u>County</u>	<u>Per Capita Income</u>
United States	\$24,436
West Virginia	18,225
Monroe County	13,905

Source: WV Bureau of Economic Analysis

Wages Per Industry
 Calendar Year 1997
 Monroe County

<u>Industry</u>	<u>Total Wages</u>	<u>Average Annual Wage</u>	<u>Average Weekly Wage</u>
Agriculture	\$41,715,986	\$21,603	\$415.45
Construction	1,587,631	14,433	277.56
Manufacturing	9,441,507	26,898	517.29
Transportation and Public Utilities	2,476,904	23,148	445.17
Trade - Wholesale	1,145,786	15,695	301.84
Trade - Retail	2,026,916	9,935	191.07
Finance, Insurance & Real Estate	1,104,883	21,664	416.62
Services	3,120,239	10,400	200.02
Government	19,865,802	29,343	564.31

Source: WV Bureau of Employment Programs

Total Wages
 (\$ Millions)

<u>Year</u>	<u>Monroe County</u>	<u>West Virginia</u>
1990	\$32.8	\$12,471.7
1991	32.7	12,836.2
1992	33.4	13,567.2
1993	36.8	13,981.5
1994	36.7	14,796.2
1995	39.2	15,367.7
1996	39.9	15,952.1
1997	41.7	15,537.5

Source: WV Bureau of Employment Programs

COMMUNITY DATA

Educational Facilities

<u>Public Schools</u>	<u>Facilities</u>
Elementary	2
Middle/Junior High	2
High	1
Vocational	1

Colleges

Bluefield State College, Bluefield (Mercer)
 Concord College, Athens (Mercer)

Recreational Facilities

Parks	1
Baseball Fields	8
Basketball Courts	
Indoor	4
Outdoor	1
Playgrounds	6
Swimming pools	2
Tennis courts	
Outdoor	1
Auditoriums	1
Stadiums	2

Medical

Doctors	9
Dentists	5

Transportation

Highways

WV Routes	311, 122, 12, 3
US Routes	219

Motor Freight

Carriers available
 Parcel service available

Railroads

CSXT (passenger)

Communications

<u>Newspapers:</u>	1
<u>TV Channels:</u>	
<u>Telephone</u>	Bell Atlantic
<u>Telegraph</u>	Western Union

Utilities

Electricity:
 American Electric Power
 West Virginia Power

Natural Gas:

Craig-Botetourt Electric Corp.
 Mountaineer Gas

Other Data

<u>Child Care:</u>	2 Day Care Centers
<u>Financial Institutions:</u>	3 Banks
<u>Libraries:</u>	2 Public

Sources: WV Bureau of Employment
 Dept. of Labor and Research
 Monroe County Chamber of
 Commerce

TAX EXEMPTION

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

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

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as an enumerated item of tax preference or other specific adjustment. However, a corporation is required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining the environmental tax imposed by the Code on corporations for taxable years beginning before January 1, 1996 and the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Other consequences for federal income tax purposes of ownership of obligations such as the Bonds also result from the Code under certain circumstances, including, but not limited to, the following: (i) the deduction allowable to certain financial institutions prior to the enactment of the Tax Reform Act of 1986 for interest on deposits and other obligations allocable to investments in tax-exempt securities has been eliminated; (ii) the net capital gains deduction for individuals has been repealed with the result that an individual's long term capital gain will be taxed at the same rate as ordinary income; (iii) a corporation's net capital gain will be taxed at the same rates as corporate ordinary income; (iv) for property and casualty insurance companies, the amount of the deduction for losses incurred has been reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; and (v) for S corporations having subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds,

can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

Under certain provisions of the Social Security Amendments of 1983 (Public Law 98-21) which are codified at Section 86 of the Code ("Section 86"), interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security benefits are includable in gross income for federal income tax purposes. Investors are referred to Section 86, for the complete text of Section 86, relating to the inclusion of a portion of social security benefits in gross income.

The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete. Owners of the Bonds should consult their own tax advisors as to the effects of the Code in their particular circumstances. Bond Counsel will render no opinion with respect to these or other collateral tax consequences of owning the Bonds.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The 1999 Bonds due in the year 2013 (the "OID Bonds") are offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity over the "issue price" of the OID Bonds. The issue price of the OID Bonds is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the OID Bonds of the same maturity is sold pursuant to that amount of the OID Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of an OID Bond over the period of its maturity based on the constant interest rate method, compounded semiannually. With respect to a purchaser of an OID Bond, the portion of the OID that accrues during the period such purchaser owns the OID Bond (i) is interest excludable from that purchaser's gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above and (ii) is added to that purchaser's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of the OID Bond. Thus, an owner who purchases an OID Bond in the initial public offering at its issue price and holds such OID Bond to its stated maturity will realize no taxable gain for federal income tax purposes upon payment of the stated redemption price of the OID Bond at maturity. The portion of the amount of OID that accrues each year to a corporate owner of an OID Bond is taken into account in computing the corporation's federal alternative minimum tax liability and federal environmental tax liability, although no corresponding cash payment will be received with respect to an OID Bond until its stated maturity or early redemption prior to stated maturity.

Owners of the OID Bonds (including owners that purchase an OID Bond other than pursuant to the initial public offering) should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable each year with respect to the OID Bonds, the adjusted basis of the OID Bonds for purposes of determining taxable gain or loss upon the sale or other disposition of the OID Bonds (including sale, redemption or other disposition of the OID Bonds at maturity) and as to other federal tax consequences and any state and local tax aspects of owning the OID 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 Representatives as defendants in Pauley was granted by the Circuit Court. Additionally, at that time, the plaintiff's moved the Circuit Court for an order enforcing the judgment previously entered including establishing 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. As of this date, no decision has been forthcoming from the Circuit Court.

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

LITIGATION

In the ordinary conduct of its affairs, the Board is party to litigation pending in the courts of the State. The Board engages counsel to represent the Board on various matters. The Secretary of the Board has reviewed the current status of all pending and threatened litigation with such counsel, and expresses the opinion of the Board that while the outcome of litigation cannot be predicted, it is nevertheless not 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 180 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 assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board has no outstanding bond issues and no prior undertaking to comply with the requirements of the Rule. The form of the Continuing Disclosure Certificate Agreement is attached hereto as Appendix E.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bowles Rice McDavid Graff & Love, 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 Series 1999 Bonds its rating of "AA-". 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. The Board has not requested that any other organization consider assignment or a rating in connection with the Bonds.

FINANCIAL ADVISOR

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

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$2,100,000 in aggregate principal amount of The Board of Education of the County of Monroe, Public School Bonds, Series 1999. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Monroe 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 MONROE

By: Steve Miller
President

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APPENDIX A

**AUDIT REPORT OF
MONROE COUNTY BOARD OF EDUCATION**

For the Fiscal Year Ended June 30, 1997

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**MONROE COUNTY
BOARD OF EDUCATION**

Financial Statements

June 30, 1997

(With Auditors' Report Thereon)

MONROE COUNTY BOARD OF EDUCATION
Schedule of Funds Included in Report
Fiscal Year Ended June 30, 1997

GOVERNMENTAL FUND TYPES

General Current Expense

Excess Levy Fund

Permanent Improvement Fund

Bond Construction Fund

FIDUCIARY AND TRUST

Agency

ACCOUNT GROUPS

General Fixed Assets

MONROE COUNTY BOARD OF EDUCATION
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MONROE COUNTY BOARD OF EDUCATION
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MONROE COUNTY BOARD OF EDUCATION
Board Officials
Fiscal Year Ended June 30, 1997

<u>Office</u>	<u>Name</u>	<u>Term</u>
<u>Elective</u>		
Board Members:	William Bailey	07/01/94 - 06/30/1998
	Ed Pell	07/01/94 - 06/30/1998
	Robert Weikle	07/01/94 - 06/30/1998
	Steve Miller	07/01/96 - 06/30/2000
	Shirley Neel	02/01/97 - 06/30/2000
<u>Appointive</u>		
Board President	Steve Miller	07/01/96 - 06/30/1998
Superintendent	Lyn Guy	07/01/96 - 06/30/2000
Treasurer	Robert Phillips	07/01/96 - 06/30/1997



THE SMART GROUP
A Professional Services Corporation

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Monroe County Board of Education, as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in the notes to the financial statements, the board's policy is to prepare its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

SMART SOLUTIONS FOR BUSINESS PRODUCTIVITY AND PROFIT

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1-800-896-2027 • EMAIL@SMARTGRP.COM

Honorable Members of the
Monroe County Board of Education
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the Monroe County Board of Education, as of June 30, 1997, and the revenues collected, expenditures paid, and changes in fund equity as of and for the year then ended in conformity with the basis of accounting described in the notes to the financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated July 10, 1998, on our consideration of the Monroe County Board of Education's internal control structure and a report dated July 10, 1998, on its compliance with laws, regulations and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Monroe County Board of Education, Union, West Virginia, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit 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.

The Smart Group

THE SMART GROUP, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 10, 1998



MONROE COUNTY BOARD OF EDUCATION
Combined Statement of Assets, Liabilities and Fund Equity - All Fund Types and Account Groups
For the Fiscal Year Ended June 30, 1997

	<u>Governmental Fund Types</u>					<u>Account Groups</u>			<u>Totals</u>	
	General Current <u>Expense</u>	Excess Levy	Permanent Improvement	Bond Construction	Agency	General			(Memorandum Only)	
						Fixed Assets	June 30, 1997	June 30, 1996	June 30, 1996	June 30, 1996
ASSETS										
Current:										
Cash	\$ 1,219,274	-	137,514	2,389	-	-	-	1,359,177	1,026,008	
Taxes receivable	20,383	-	902	-	-	-	-	21,285	13,916	
Intergovernmental receivables:										
State aid to schools	-	-	-	-	-	-	-	-	72,946	
Reimbursements	271,401	-	-	-	-	-	-	271,401	237,639	
PEIA allocation	-	-	-	-	-	-	-	-	9,941	
Restricted:										
Workers' Compensation Deposit	17,871	-	-	-	-	-	-	17,871	14,770	
TOTAL CURRENT ASSETS	<u>1,528,929</u>	<u>-</u>	<u>138,416</u>	<u>2,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,734</u>	<u>1,375,220</u>	
Fixed:										
Land, buildings and equipment	-	-	-	-	-	-	-	26,289,300	24,123,884	
TOTAL ASSETS	<u>\$ 1,528,929</u>	<u>-</u>	<u>138,416</u>	<u>2,389</u>	<u>-</u>	<u>-</u>	<u>26,289,300</u>	<u>27,959,034</u>	<u>25,499,104</u>	

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Combined Statement of Assets, Liabilities and Fund Equity - All Fund Types and Account Groups
For the Fiscal Year Ended June 30, 1997

LIABILITIES AND FUND EQUITY	Governmental Fund Types						Totals	
	General Current Expense	Excess Levy	Permanent Improvement	Bond Construction	Agency	Account Groups		(Memorandum Only) June 30, 1996
						General	Fixed Assets	
Current Liabilities:								
Bank Overdraft	-	-	-	-	-	-	-	121,477
Accounts payable:								
Salaries and related withholdings payable	\$ 970,410	-	-	-	-	-	-	850,001
TOTAL CURRENT LIABILITIES	970,410	-	-	-	-	-	970,410	971,478
Fund Equity:								
Investments in general fixed assets	-	-	-	-	-	-	-	24,123,884
Fund balances:								
Reserved for encumbrances	252,401	-	59,400	-	-	-	311,801	155,197
Reserved for earmarked funds	688,748	-	-	-	-	-	688,748	586,209
Reserved for Workers' Compensation	17,871	-	-	-	-	-	17,871	14,770
Unreserved:								
Designated	25,610	-	-	-	-	-	25,610	-
Undesignated	(426,111)	-	79,016	2,389	-	-	(344,706)	(352,434)
TOTAL FUND EQUITY	558,519	-	138,416	2,389	-	-	26,988,624	24,527,626
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,528,929	-	138,416	2,389	-	26,289,300	27,959,034	25,499,104

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - All Fund Types
For the Fiscal Year Ended June 30, 1997

Governmental Fund Types

	General	Excess	Permanent	Bond	Agency	Totals
	Current	Levy	Improvement	Construction	Agency	(Memorandum Only)
	Expense	Levy	Improvement	Construction	Agency	June 30,
						1997
						1996
REVENUES COLLECTED:						
Local sources:						
Ad Valorem Taxes (including interest and penalties)	\$ 1,447,615	-	64,719	-	-	1,512,334
Earnings on investments	53,551	-	2,608	48	-	56,207
Other local revenues	265,315	-	-	-	-	265,315
Intermediate sources	62,913	-	-	-	38,400	101,313
State sources	8,583,972	-	-	-	-	8,583,972
Federal sources	1,448,521	-	-	-	-	1,448,521
Miscellaneous sources	143,924	-	-	-	-	143,924
TOTAL REVENUES COLLECTED	12,005,811	-	67,327	48	38,400	12,111,586
EXPENDITURES PAID:						
General government	11,808,893	-	-	-	38,400	11,847,293
Capital projects	-	-	43,375	-	-	43,375
TOTAL EXPENDITURES PAID	11,801,651	-	43,375	-	38,400	11,890,668
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	204,160	-	23,952	48	-	220,918
						(150,443)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY, ARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - All Fund Types
 For the Fiscal Year Ended June 30, 1997

	Governmental Fund Types					Totals
	General	Excess	Permanent	Bond	Agency	(Memorandum Only)
	Current	Levy	Improvement	Construction	1997	June 30, 1996
	Expense	Levy	Improvement	Construction	Agency	1996
OTHER FINANCING SOURCES:						0
OPERATING TRANSFERS In (OUT)	181,013	(181,013)	-	-	-	-
RESTATEMENT OF BEGINNING FUND BALANCE	3,102	-	-	-	3,102	-
FUND BALANCES AT BEGINNING OF YEAR	103,545	181,013	116,843	2,341	403,742	492,557
PRIOR PERIOD ADJUSTMENT	15,802	-	(2,379)	-	13,423	-
ADD (DEDUCT) NET CHANGES IN:						
Certain receivables (Note 7)	50,897	-	-	-	50,897	61,628
FUND BALANCES AT END OF YEAR	\$ 558,519	-	138,416	2,389	692,082	403,742

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual - General Current Expense Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED:			
Local sources:			
Ad valorem taxes	\$ 1,396,671	1,447,615	50,944
Earnings on investments	28,500	53,551	25,051
Food service	110,000	148,386	38,386
Local clearing activities	26,684	16,247	(10,437)
Local sales	12,636	18,418	5,782
Other local revenues	17,380	82,264	64,884
TOTAL LOCAL SOURCES	1,591,871	1,766,481	174,610
Intermediate sources:			
Restricted grants	45,806	62,913	17,107
TOTAL INTERMEDIATE SOURCES	45,806	62,913	17,107
State sources:			
Unrestricted grants	7,384,454	7,384,454	-
Restricted grants	6,437,268	1,199,518	(5,237,750)
TOTAL STATE SOURCES	13,821,722	8,583,972	(5,237,750)
Federal sources:			
Unrestricted	(1,000,000)	-	1,000,000
Restricted:			
Direct	329,510	311,013	(18,497)
Through state	775,543	831,227	55,684
Reimbursements for food service	262,000	298,969	36,969
National Forest Land Payments	5,000	7,312	2,312
TOTAL FEDERAL SOURCES	372,053	1,448,521	1,076,468
Miscellaneous sources:			
Non-revenue	133,861	143,924	10,063
TOTAL MISCELLANEOUS SOURCES	133,861	143,924	10,063
TOTAL REVENUES COLLECTED	15,965,313	12,005,811	(3,959,502)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual - General Current Expense Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES PAID:			
Instructional services:			
Regular programs	\$ 5,662,060	5,415,314	246,746
Special programs	1,061,829	1,091,781	(29,952)
Vocational programs	613,376	554,882	58,494
Other elementary/secondary programs	71,074	63,270	7,804
Adult/continuing education programs	33,068	27,682	5,386
Community service programs	212,484	155,552	56,932
Undistributed support services	8,709,889	4,493,170	4,216,719
TOTAL EXPENDITURES PAID	<u>16,363,780</u>	<u>11,801,651</u>	<u>4,562,129</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID			
	(398,467)	204,160	602,627
OTHER FINANCING SOURCES:			
OPERATING TRANSFER IN (OUT)			
	802,674	181,013	(621,661)
RESTATEMENT OF BEGINNING FUND BALANCE			
	-	3,102	3,102
FUND BALANCES AT BEGINNING OF YEAR			
	(404,207)	103,545	507,752
PRIOR PERIOD ADJUSTMENT			
	-	15,802	15,802
ADD (DEDUCT) NET CHANGE IN			
Certain receivables (Note 8)	<u>-</u>	<u>50,897</u>	<u>50,897</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>558,519</u>	<u>558,519</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balances - Budget and Actual - Excess Levy Fund
 For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED	-	-	-
EXPENDITURES PAID	-	-	-
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	-	-	-
OTHER FINANCING SOURCES:			
OPERATING TRANSFERS IN (OUT)	(802,674)	(181,013)	(621,661)
FUND BALANCES AT BEGINNING OF YEAR	\$ 802,674	181,013	621,661
FUND BALANCES AT END OF YEAR	\$ -	-	-

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balances - Budget and Actual - Permanent Improvement Fund
 For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED:			
Local sources:			
Ad valorem taxes	62,499	64,719	2,220
Earnings on investments	-	2,608	2,608
TOTAL LOCAL SOURCES	<u>62,499</u>	<u>67,327</u>	<u>4,828</u>
 TOTAL REVENUES COLLECTED	 62,499	 67,327	 4,828
EXPENDITURES PAID:			
Undistributed support services			
Capital improvements	<u>179,342</u>	<u>43,375</u>	<u>135,967</u>
TOTAL EXPENDITURES PAID	<u>179,342</u>	<u>43,375</u>	<u>135,967</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(116,843)	23,952	140,795
FUND BALANCES AT BEGINNING OF YEAR	116,843	116,843	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(2,379)</u>	<u>(2,379)</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>138,416</u>	<u>138,416</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances - Budget and Actual - Bond Construction Fund
For the Fiscal Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES COLLECTED:			
Local sources:			
Earnings on investments	-	48	48
	<u>-</u>	<u>48</u>	<u>48</u>
EXPENDITURES PAID:			
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	-	48	48
FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>	<u>2,341</u>	<u>2,341</u>
FUND BALANCES AT END OF YEAR	\$ <u><u>-</u></u>	<u><u>2,389</u></u>	<u><u>2,389</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Schedule of Federal Financial Assistance
For the Fiscal Year Ended June 30, 1997

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Paid</u>
U.S. Department of Agriculture Pass Through State Department of Education			
National School Breakfast and Lunch Program	10553/55	-	\$ 339,428
Total Department of Agriculture			<hr/> 339,428
U.S. Department of Education Pass Through State Department of Education			
Adult Basic Education	84.002	56113	4,724
Title I Grants to Local Educational Agencies	84.010	59254	470,353
Special Education	84.027	59648	98,279
Vocational Education	84.048	58747	31,642
Agriculture Demonstration Grant	84.151	-	125
Secondary Education and Transitional Services for Youth with Disabilities	85.158	-	11,282
Special Education - Pre-School	84.173	60022	40,434
Safe and Drug-Free Schools	84.186	-	16,299
Eisenhower Professional Development	84.281	-	3,852
Innovative Education Program Strategies	84.298	59394	7,829
Total U.S. Department of Education			<hr/> 684,819

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Schedule of Federal Financial Assistance
For the Fiscal Year Ended June 30, 1997

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Paid</u>
U. S. Department of Health & Human Services Pass Through State Department of Education			
Healthy Schools	93.283	-	10,132
Child Care and Developmental Block Grant	93.575	-	5,168
Head Start	93.600	-	355,725
Job Opportunity Basic Skills	93.781	-	27,025
Total U.S. Department of Health and Human Services			<u>398,050</u>
Corporation for National and Community Service Pass Through State Department of Education			
National and Community Service	94.001	-	7,430
Total Corporation for National and Community Service			<u>7,430</u>
Total Federal Financial Assistance Expended			\$ <u><u>1,429,727</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(1) NATURE OF ACTIVITIES

Nature of Business

The Monroe 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 Monroe 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 of Education, to control and manage all of the public schools and school interest in the county.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

In evaluating how to define the government for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the following criteria set forth by generally accepted accounting principles:

Oversight responsibilities:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Scope of public service

Special financing relationships

Based upon the application of these criteria, there were no additional component units of government included as a part of the reporting entity.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements of the public schools in the district have not been included as a part of the accompanying financial statements, although application of the criteria discussed above indicates that they should be included. Some audited financial statements of the schools are on file at the Board office.

(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 is comprised of assets, liabilities, fund equity, revenue and expenditures. All of the funds maintained by the Board are classified under either the generic fund type of governmental funds or fiduciary funds.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

(c) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with generally accepted accounting principles, all governmental funds and expendable trust funds should be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally should be

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

included on the balance sheet. Operating statements of these funds should present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting should be used for all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Board, however, prepared its financial statements in accordance with the basis of accounting prescribed by the West Virginia Department of Education. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The significant differences are as follows:

Revenues are generally maintained on a cash basis and are recognized in the income statements when received, except for property taxes collected by the sheriff during the month of June, but not received by the school boards until July are reflected as taxes receivable and included in current year's revenue.

Expenditures are recognized in the income statements when checks are issued. Normal payables at year end are not recognized as expenditures during that year. Prepaid expenses of future years are not recognized as current assets except for the deposit with the West Virginia Workers' Compensation Fund.

Receivables include ad valorem property taxes on hand with the sheriff as of year end that have not been distributed to the Board. This item has been accrued and is reported as revenue in the Board's income statements. Certain receivables, such as federal, state and certain local reimbursements are recognized as receivables in asset accounts but corresponding entries are not made in revenue accounts, nor are such receivables recorded as deferred revenues.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Encumbrances are recorded at the time purchase orders are issued or contracts awarded and include accounts payable and accrued expenses, as well as normal GAAP encumbrances such as unperformed contracts or obligations for goods and services.

Earmarked Funds include the excess of moneys received for specifically funded projects or programs over expenditures paid and encumbrances incurred for those projects or programs. Earmarked funds are recognized in the accompanying financial statements as a reserve of fund balances without a corresponding entry to an applicable revenue account.

(d) Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. These documents are prepared in accordance with the following procedures:

1. The board of education is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the board and to prepare the Schedule of Proposed Levy Rates for the fiscal year commencing July 1. The Schedule of Proposed Levy Rates is then forthwith submitted for approval to the Department of Tax and Revenue after which the board reconvenes on the third Tuesday in April to formally lay the levy.
2. The Board is also required to 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 ten days before the public hearing is held.

Revisions are authorized only with the prior written approval of the State Board of School Finance. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

(f) Cash and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. As of June 30, 1997, \$77,398 of the board's cash was not covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the board of education's name. As of June 30, 1997, the Board had the following funds on deposit with the following state agencies:

		<u>Carrying Amount</u>	<u>Market Value</u>
West Virginia Management Investment Board	\$	547	547
West Virginia State Board of Investments		954	954
West Virginia Municipal Bond Commission		<u>7,212</u>	<u>7,212</u>
Total Investments	\$	<u>8,713</u>	<u>8,713</u>

Boards of education are authorized by statute to provide excess funds to either the State Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

(g) Inventories

The board of education considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the board's financial statements.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1997, are not recorded as prepaid items, but are considered as expenditures at the time checks are issued. Prepaid expenses of future years are recognized as current assets, except for the deposit with the West Virginia Workers Compensation Fund.

(i) Fixed Assets

The acquisition or construction of general fixed assets are reflected as an expenditure at the time the assets are acquired and are not capitalized in the funds used to acquire or construct them.

Fixed assets, however are presented in the accompanying financial statements in the general fixed asset account group, based on appraised values for insurance purposes or other reasonable approximation of current value because historical cost is not available. These amounts are the same as those reported in the Superintendent's Statistical Report to the West Virginia Department of Education.

As of June 30, 1997, the general fixed asset account group consisted of the following:

<u>Description</u>		<u>Amount</u>
Buildings	\$	20,277,406
Teaching aids & educational materials		4,553,893
School buses		<u>1,458,001</u>
 Total Fixed Assets	 \$	 <u>26,289,300</u>

(j) Long-Term Obligations

Long-term debt is recognized as a liability of the debt service fund when due. The remaining portion of such obligations is reported in the general long-term debt account group.

(k) Fund Equity

Reserves represent those portions of fund equity not available for future appropriation or legally segregated for a specific use. The unreserved, designated

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fund balance represents that portion of board funds committed by official board action prior to June 30, 1997, for specific purposes. The unreserved fund balance represents funds available for reappropriation.

(l) Comparative Data

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

(m) "Memorandum Only" - Total Columns on Combined Statements

Total columns on the combined financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

(n) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as modified 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 expenses.

(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,

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(3) RISK MANAGEMENT (Continued)

pursuant to the provisions of State law, participates in the following risk management programs administered by the State of West Virginia:

Board of Risk and Insurance Management (BRIM): The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk pool for all State agencies, component units, boards of education and other local government 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 two million dollars per property event and purchases excess insurance on losses above that level. BRIM has one million dollars 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. The Legislature provides an appropriation for these costs to boards of education under the Public School Support Program for the number of personnel funded under the program. The PEIA risk pool retains the risk for the health and prescription features and purchases insurance coverage for the life features of the plan. Coverage under these programs is limited to one million dollars life time for health and ten thousand dollars of life insurance coverage. The insured may purchase up to an additional fifty thousand dollars of life insurance coverage.

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 Legislature provides an appropriation for these costs to boards of education

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(3) RISK MANAGEMENT (Continued)

under the Public School Support Program. The WCF risk pool retains all the risk related to the compensation of injured employees under the program.

(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.

Class IV All real and personal property situated inside of municipalities, exclusive of Classes I and II.

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 of education 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 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 the new construction, improvements to existing real property, or newly acquired personal property, unless the State

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(4) PROPERTY TAXES (Continued)

legislature holds a public hearing. The amounts to be paid to the Assessor's Valuation Fund are also to be excluded from the calculation. The rates of levy for the 1997 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 voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 1997, were:

<u>Class of Property</u>	<u>Assessed Valuation</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Permanent Improvement</u>
Class I	\$ 7,000,925	18.98¢	14.92¢	1.50¢
Class II	73,462,783	37.96¢	29.84¢	3.00¢
Class III	63,521,071	75.92¢	59.68¢	6.00¢
Class IV	10,003,522	75.92¢	59.68¢	6.00¢

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(5) SPECIAL/EXCESS LEVY

At a special excess levy election held on March 18, 1995, the Monroe County Board of Education was authorized to lay an excess levy to provide approximately \$544,208 annually during the five fiscal years ended June 30, 1996, through June 30, 2000, for the following purposes:

A. DIRECT SERVICES TO STUDENTS

\$ 387,250

- 1). To furnish free textbooks and materials to students grades kindergarten through twelve inclusive.
- 2) To provide \$100 per child in grades kindergarten through fourth inclusive to the school in which that child is enrolled for the purpose of providing direct services to children in that school.
- 3) To provide \$100 per child in grades five through twelve inclusive of the school in which that child is enrolled for the purpose of providing direct services to children in that school. \$50 be spent for the same purpose as number two above and the remainder for other school activities.
- 4) To provide uninterrupted services to students in the case of service or professional staff absences (maximum cost of \$80,000).

B. STUDENT RELATED COMMUNITY SERVICES

45,000

- 1) To provide \$25,000 to the West Virginia University Extension Office to supplement the cost of providing 4-H programs to Monroe County students.
- 2) To provide \$20,000 for county libraries.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(5) SPECIAL/EXCESS LEVY (Continued)

C. FACILITY AND PROGRAM IMPROVEMENT 111,958

- 1) To provide maintenance and improvements of facilities and programs as determined by the board of education.
- 2) During the first year, this money shall be used to provide for communications on all regular bus runs; during the second year money shall be provided to install a video system for buses.
- 3) During the first year, \$2,000 shall be provided to each school for custodial equipment, with \$1,000 per school every year after that.
- 4) Additional school facility improvements including restroom renovations and general maintenance at Gap Mills, Peterstown Middle, the Vocational School, Peterstown Elementary and Union Elementary.

In the event that Federal and State funds become available for any items herein enumerated so that all of the funds herein above allocated are not used for the purposes outlined, or should any additional funds be raised due to increases in property values or other reasons, the excess amounts or the unused portion of such funds may be allocated by the Board of Education at their discretion to facility and program improvements.

(6) EMPLOYEE RETIREMENT SYSTEM

All full-time employees of the boards of education are by state statute mandatory members of 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, 1997, the Board's total payroll for all employees was \$7,212,632 and the payroll was \$6,979,813 for employees covered by the two retirement systems.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

Teachers' Defined Benefit Retirement System:

The Teachers' Defined Benefit Retirement System was established on July 1, 1941, and was closed to new members on July 1, 1991. As of June 30, 1997, the system had 32,743 active members and 22,294 retirees receiving benefits. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average members' five highest fiscal years of total earnings from covered employment during the member's last fifteen years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to two percent of the final average times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash refund annuity, fifty percent or one-hundred percent Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuity. Pre-retirement death benefits paid to the spouse of a deceased member who had attained the age fifty and completed twenty-five years of credited service. The annuity payment is computed as if the member had resulted on the date of death with a one-hundred percent Joint and Survivor pension. If the member's age and service are less than required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

The Consolidated Retirement Board does not make separate measurements of assets and pension benefit obligations for separate employers. In the Consolidated Public Retirement Board's actuarial valuation report as of July 1, 1996, the unfunded accrued liability and the funded percentage at July 1, 1996, 1995 and 1994 for the Teachers' Defined Retirement System as a whole, using the Entry Age Cost Method, were (in millions of dollars):

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actuarial Accrued Liability (AAL) \$	3,673.1	3,715.8	4,125.6
Valuation Assets (VA) recognized	426.2	527.1	608.9
Unfunded Liability (AAL - VA)	3,246.9	3,188.7	3,516.7
Funded Percentage (VA + AAL)	11.6%	14.2%	17.3%

In 1994, the State Legislature enacted legislation requiring the appropriation of additional funds to the retirement system to eliminate the unfunded liability over a forty year period beginning July 1, 1994. West Virginia Code §18-9A-6a requires that an annual valuation report be provided to the Legislature in which is presented the actuary's best estimate of the funding necessary to both eliminate the unfunded liability over the forty year period and meet the retirement system's current cash flow requirements.

In the 1996 actuary report, the actuary's recommended contributions for fiscal year 1998 for the Teachers' Retirement System under the Public Support Program (School Aid Formula) increased by \$37,600,000 over the amount anticipated in the 1995 report because demographic projections of the declining school population, which were used for the first time, resulted in a projection of education payroll that anticipates lower payrolls later on during the payoff period for the unfunded liability. Since the unfunded liability is being paid off as a constant percentage of this payroll, more of the unfunded liability must be paid "up front" during the earlier years of the forty year funding period.

This a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute six percent of their salary.

The employer contributions are funded from two sources, state appropriations and Board payments. The State provides an appropriation under the Public School Support Program to the Teachers' Retirement System the total of the following: (1) fifteen percent of the basic foundation allowance for salaries, all salary equity appropriations, and such amounts as are paid by the various county boards as salary supplements, to the extent that such county supplements are equal to the amount distributed for salary equity; (2) the additional amount estimated to be required by the actuary to eliminate the unfunded liability by the year 2034; and (3) the growth in the total local share calculation in the formula, limited to a maximum of \$7,000,000. The State's contribution to the Teachers' Retirement System for fiscal year 1997 totaled \$180,100,000.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

The employers' contribution rate for employees who are members of the defined benefit plan increases by 1.5% each year until fiscal year 2000 when it reaches the maximum rate of 15%. For fiscal year 1997, the employers' contribution rate was 10.5%.

Of the total amount appropriated by the State, the portion equal to the employers' required contribution rate (10.5%) is considered to be the employers' contribution for the current cash flow requirements and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered the State's contribution towards past service unfunded liability and is not included either as revenue or an expenditure in the Board's financial statements.

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 1997 were:

Employee's contributions (6.0%)	\$	\$ 335,365
Employer's contributions (10.5%)		513,815
State allocation		
Board contributions		<u>73,068</u>
 Total contributions	 \$	 \$ <u>922,248</u>

Teachers' Defined Contribution Retirement System:

All board of education employees hired after July 1, 1991, participate in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Contribution Retirement System may, now or in the future, freeze their benefits in the old plan and become a member of the new plan. Members with less than five 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. As of June 30, 1997, this plan had 12,247 active members and no retirees receiving benefits.

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. Five investment options are provided from which a participant may choose in multiples of twenty percent.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

Employer contributions vest with the member as follows: one-third after six years, two-thirds after nine years, and 100 percent after twelve years. The member is fully vested at death or disability. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement.

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 his 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.

This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute four and one-half percent of their gross salary and the local board of education contributes seven and one-half percent of its employees salary to the retirement plan for a total of twelve percent annually.

The employer contributions are funded from two sources, state appropriations and Board payments. The State provides an appropriation under the Public School Support Program to the Teachers' Retirement System the total of the following: (1) fifteen percent of the basic foundation allowance for salaries, all salary equity appropriations, and such amounts as are paid by the various county boards as salary supplements, to the extent that such county supplements are equal to the amount distributed for salary equity; and (2) the growth in the total local share calculation in the formula, limited to a maximum of \$7,000,000.

County boards of education are required to pay the employers' contributions on all salaries paid in excess of these amounts. For salaries paid from federally funded grant programs, the employers' contributions are paid from grant proceeds. The employers' contribution rate for employees who are members of the defined contribution plan is seven and one-half percent.

Of the total amount appropriated by the State, the portion equal to the employers' required contribution rate (10.5%) is considered to be the employers' contribution for the current cash flow requirements and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements.

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(6) EMPLOYEE RETIREMENT SYSTEM (Continued)

Total payments reflected in the Board's financial statements to the defined contribution plan for the fiscal year 1997 were:

		<u>Amount</u>
Employee's contributions (4.5%)	\$	62,569
Employer's contributions (7.5%)		-
State allocation		80,811
Board's contribution		<u>23,473</u>
 Total contributions	 \$	 <u>166,853</u>

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.

(7) RECOGNITION OF NET EFFECT OF RECEIVABLES ON FUND BALANCES

Certain receivables, at June 30, 1997, are recognized in the statement of assets, liabilities and fund equity without corresponding recognition in the related statements of revenues collected, expenditures paid and changes in fund balances, since these statements are maintained on the basis of cash receipts and disbursements. Consequently, the net change in the receivables at June 30, 1997, has an effect on the fund balances which must be recognized in the statements of revenues collected, expenditures paid and changes in fund balances. The effect on each of the fund balances was determined as follows:

		<u>General Current Expense Fund</u>
Receivables June 30, 1997	\$	271,401
Receivables June 30, 1996		<u>220,504</u>
 Net effect on fund balance	 \$	 <u>50,897</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10)

The following adjustment is required to be made to the amounts reported in the Board's annual financial report to the West Virginia Department of Education (Form 11-10-10) :

General Current Expense Fund

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

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Total Assets</u>
Total Assets Per WVDE 11-10-10 June 30, 1997			\$ 1,484,312
Adjustments:			
Workers Compensation Deposit	7,528	17,871	10,343
Taxes Receivable	28,430	20,383	(8,047)
Interfund Receivable	229,080	-	(229,080)
Reimbursements	-	271,401	<u>271,401</u>
Total Assets Per Audit, June 30, 1997			\$ 1,528,929
	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Fund Balance</u>
Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ 513,901
Adjustments:			
Reserved for Workers' Compensation	7,528	17,871	10,344
Unreserved - Undesignated	(460,385)	(426,111)	<u>34,274</u>
Total Fund Balance Per Audit, June 30, 1997			\$ <u>558,519</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10) (Continued)

Excess Levy Fund

Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balance

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Fund Balance</u>
Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ -
Adjustments:			
Operating transfers out	190,711	181,013	9,698
Beginning fund balance, July 1, 1996	190,711	181,013	(9,698)
Fund Balance Per Audit, June 30, 1997			\$ <u> -</u>

Permanent Improvement Fund

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

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total Assets</u>
Total Assets Per WVDE 11-10-10 June 30, 1997			\$ 138,903
Adjustments:			
Taxes receivable	1,389	902	(487)
Total Assets Per Audit, June 30, 1997			\$ <u>138,416</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(8) ANNUAL FINANCIAL REPORT (Form WVDE 11-10-10) (Continued)

Permanent Improvement Fund

Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balance

	<u>Original Amount</u>	<u>Adjusted Amount</u>	<u>Net Effect on Total . Fund Balance</u>
Total Fund Balance Per WVDE 11-10-10 June 30, 1997			\$ 138,903
Adjustments			
Ad valorem taxes	65,030	64,719	(311)
Change in receivables	2,203	-	2,203
Prior period adjustment		2,379	<u>(2,379)</u>
Total Fund Balance Per Audit, June 30, 1997			\$ <u>138,416</u>

(9) BOARD DESIGNATED UNRESERVED FUND BALANCE

The Board of Education has designated a portion of the unreserved fund balance of the General Current Expense Fund at June 30, 1997, for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Staff development	\$ 4,690
Bus replacement	<u>20,920</u>
Total unreserved - designated fund balance as of June 30, 1997	\$ <u>25,610</u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(10) AGENCY FUND

The Board of Education was fiscal agent for a grant from the Hitachi Corporation to improve the county's public libraries. Total funds received and disbursed during the year was \$38,400.

(11) SPECIAL/EXCESS LEVY FUND

For the year ended June 30, 1996, the special/excess levy revenues and disbursements were accounted for in a separate governmental type fund. Management decided to discontinue this fund as of July 1, 1996. All special/excess levy revenues and disbursements are now accounted for in the general current expense fund.

(12) CHANGE IN ACCOUNTING METHOD

In prior years the Board of Education had accounted for the final state basic aid and Step 7 program receipts from the West Virginia Department of Education as a current year receivable. For the year ended June 30, 1997, the Board recorded the above as a deposit-in-transit.

(13) CAPITAL LEASE

The Board entered into a capital lease-purchase agreement for facility utility management systems for the Board's schools, central and repair and maintenance facilities with the Honeywell Corporation. The lease is payable in twelve monthly installments each year in the amounts of \$2,725 to \$2,955 each of principle and interest for the years ending 1994 through 2003.

The following is a schedule of future capital lease payments:

Year Ending <u>June 30</u>	Amount
1998	\$ 35,460
1999	35,460
2000	35,460
2001	35,460
2002	35,460
Thereafter	<u>35,460</u>
Minimum lease payments for all leases	212,760
Less: Amount representing interest	\$ <u>(40,930)</u>
Present value of minimum lease payments	\$ <u><u>171,830</u></u>

MONROE COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Fiscal Year Ended June 30, 1997

(14) RESTATEMENT OF BEGINNING FUND BALANCE

The fund balance at the beginning of the general current expense fund required the following restatement:

	<u>Amount</u>
Fund balance at June 30, 1996, as previously stated	\$ 103,545
Workers' Compensation Deposit at June 30, 1997	17,871
Workers' Compensation Deposit at June 30, 1996	<u>14,770</u>
Total adjustment	<u>3,101</u>
Adjusted fund balance, July 1, 1996	\$ <u>106,646</u>

(15) PRIOR PERIOD ADJUSTMENT

Certain reimbursements due were determined to be unrealizable in the prior year audit. Accordingly, an adjustment of \$15,808 was made to write down current assets and a corresponding entry to reduce unreserved undesignated fund balance. This adjustment was not made by the Board to their beginning fund balance.

**MONROE COUNTY BOARD OF EDUCATION
JUNE 30, 1997**

**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 SMART GROUP
A Professional Services Corporation

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

We have audited the financial statements of the Monroe County Board of Education as of and for the year ended June 30, 1997, and have issued our report thereon dated July 10, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 Monroe 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 finding MO36-1-97. We also noted certain immaterial instances of noncompliance that we have reported to the Monroe County Board of Education in a separate letter dated July 10, 1998.

SMART SOLUTIONS FOR BUSINESS PRODUCTIVITY AND PROFIT

422 NINTH STREET PLAZA, #201 • HUNTINGTON, WV 25701 • (304) 697-5252 • FAX (304) 522-2940
501 DARBY CREEK ROAD, #49 • LEXINGTON, KY 40509 • (606) 264-9292 • FAX (606) 264-9845
1-800-896-2027 • EMAIL@SMARTGRP.COM

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Monroe 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 of 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Monroe County Board of Education in a separate letter dated July 10, 1998.

This report is intended for the information of the officials of the board of education, management, and the West Virginia Department of Tax and Revenue and Federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

The Smart Group

THE SMART GROUP, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 10, 1998



**MONROE COUNTY BOARD OF EDUCATION
JUNE 30, 1997**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**



THE SMART GROUP
A Professional Services Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Members of the
Monroe County Board of Education
Union, West Virginia

We have audited the compliance of the Monroe 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, 1997. The Monroe 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 Monroe County Board of Education's management. Our responsibility is to express an opinion on the Monroe County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Nonprofit 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 Monroe County Board of Education's compliance with those requirements and performing 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 Monroe County Board of Education's compliance with those requirements.

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Honorable Members of the
Monroe County Board of Education
Page 2

In our opinion, the Monroe 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, 1997.

Internal Control over Compliance

The management of the Monroe 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 Monroe 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the officials of the board of education, management, and the West Virginia Department of Tax and Revenue and Federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

The Smart Group

THE SMART GROUP, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 10, 1998



MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 1997.

Section I - Summary of Auditor's Results

Financial Reporting:

Type of auditor's report issued: Qualified
Internal controls over financial reporting:
Material weakness(es) identified: None
Reportable condition(s) identified not considered to be material
weakness(es): None
Noncompliance material to financial statements: MO36-1-97

Federal Awards

Internal control over major programs
Material weakness(es) identified: None
Reportable condition(s) identified not considered to be material
weakness(es): None
Type of auditor's report issued on compliance for major programs: Unqualified
Audit findings disclosed that are required to be reported in accordance with
Circular A-133 Section .510(a): None

Programs tested:

<u>CFDA Number</u>	<u>Program</u>
84.010	Title I Grants to Local Educational Authorities
93.600	Head Start Program
10.553/55	National Hot Breakfast and Lunch Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as a low-risk auditee: No

MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 1997

Compliance with State Regulations

FINDING: MO36-1-97

Expenditures in Excess of Available Funds -
General Current Expense Fund

CONDITION: We determined as a result of our audit that the Monroe County Board of Education incurred expenditures and/or obligations in the total cumulative funds in excess of available funds by \$426,111 during the fiscal year ending June 30, 1997. It should be noted that this deficit in the unreserved-undesignated fund balance is cumulative from past years and is not a result of current year's activity only.

CRITERIA:

West Virginia Code §11-8-28 states:

"... a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses.

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding fiscal year."

Compared to the approved levy estimate of \$17,167,454 in the General Current Expense Fund, the deficit of \$426,111 incurred by the Monroe County Board of Education during the year is not greater than the amount considered to be a casual deficit. West Virginia Code §11-8-27 states that:

"Any indebtedness created, contract made, or order or draft issued in violation of sections twenty-five and/or twenty six of this article shall be void."

MONROE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 1997

West Virginia Code §11-8-28 states:

"Whenever a fiscal body expends money or incurs obligations in violation of sections twenty-five and/or twenty-six of this article, suit shall be instituted by the prosecuting attorney of the county or the attorney general of the state, in a court of competent jurisdiction to recover the money expended or to cancel the obligation."

EFFECT: Specifically, the unreserved undesignated fund balance had a cumulative deficit balance of \$426,111 as of June 30, 1997.

RECOMMENDATION: The Monroe County Board of Education is directed to satisfy this deficit in the levy estimate of the succeeding fiscal year, and to implement effective budgetary controls to insure that deficit spending is not incurred in the future.

Section III - Federal Award Findings and Questioned Costs

There were no federal program findings.

MONROE COUNTY BOARD OF EDUCATION
Corrective Action Plan
For the Year Ended June 30, 1997

For Information Contact: Mr. Robert Phillips, Treasurer of the Monroe County Board of Education

Action Plan: Finding MO36-1-97

Measures to control this problem have been set in place to reduce the deficit from year to year, and, for the most part, the deficit is slowly being reduced.

In the 1997-98 fiscal year, the Board decided to go to full-day, full-time kindergarten which increased our total enrollment and applied for additional funding. This will also show increased State Aid in the 1998-99 fiscal year.

The Board gave authorization to budget \$80,000 for building materials and supplies in our local levy for the fiscal year 1998-99 reducing the need greatly in the general fund and avoiding deficit spending. In the past, the levy balance was used to off-set deficit spending in utilities and building maintenance cost, but only with respect to balances.

A goal set by the Board and our County School Improvement Team, would reduce our deficit by ten percent each year through efforts and goals set by each school. This appears to be working and we will continue to exceed that goal.

Employment terms were reduced in 1996-97 in both professional and service personnel. This will remain in place until such time our deficit is eliminated.

Every effort to control and reduce the deficit is being sought. We have invited the State Performance Audit Team to Monroe County this fiscal year with the hope that additional recommendations will be given.

MONROE COUNTY BOARD OF EDUCATION
Schedule of Prior Audit Findings
For the Year Ended June 30, 1997

Finding: Budget Supplement not Signed by State Department of Education - Corrected

Finding: Expenditures in Excess of Available Funds - See current year finding MO36-1-97

Finding: Expenditures in Excess of Amounts Allocated in the Budget - See management letter

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Expenditure Deficiencies (Section 1-18 and 1-21)

CONDITION: We noted during our audit that five of twenty-six expenditures tested out of the general fund did not have a purchase order, four were lacking supporting invoices and four invoices were not canceled upon payment.

CRITERIA: The Accounting Procedures Manual for the Public Schools in the State of West Virginia (the Manual) states, "A purchase order system is to be maintained at each school whereby all purchases of materials, equipment, supplies and services are made through a pre-numbered purchase order approved in writing by the principal or designee before the purchase is made." The Manual further states, "Schools are not permitted to expend any funds unless an itemized claim (invoice) for payment is filed by the claimant. Invoices should be stamped as paid at the time payment is made. A convenient way to accomplish this is to use a cancellation stamp or list check number, date paid, amount paid and approved by on the invoice."

EFFECT: The purpose of maintaining a good purchase order system is to ensure school funds are expended in the proper manner. When expenditures are encumbered prior to an approved purchase order or in the absence of an approved purchase order, the possibility exists that subsidiary accounts could be obligated when sufficient funds are not available. When invoices are not canceled upon payment, the school may inadvertently pay the invoice twice.

RECOMMENDATION: We recommend the administrators at Union Elementary School adhere to the policy of generating purchase orders for all expenditures. This helps ensure that school funds are expended properly. We also recommend the administrators require all expenditures be backed up by a supporting invoice. In addition, we recommend the canceling of all invoices at the time payment is made.

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Inappropriate Year End Balances in Individual Faculty Senate Accounts (Section 3-9)

CONDITION: It was noted during our audit that the individual teacher allotments were not fully expended during the fiscal year, nor were those balances transferred to the group faculty senate account at year end as required. The total amount of the year end balances in the individual teacher accounts was \$403.83.

CRITERIA: The Manual states, "The \$50 allocated to each classroom teacher, counselor and librarian is to be expended during the instructional year for academic materials, supplies or equipment which in the judgment of the individual will assist him or her in providing instruction. Any funds not expended during the course of the school year are to revert back to the faculty senate group account to be expended in accordance with the faculty senate's approved budget."

EFFECT: By failing to fully expend the individual teacher allotments or transferring the year end balances to the group faculty senate account, the school is not in full compliance with the policies and procedures of the West Virginia Department of Education.

RECOMMENDATION: We recommend adhering to the requirements in the Manual applicable to the individual teacher allotments. We further recommend encouraging those individuals to expend their allotment in the fiscal year in which it was intended and any unexpended balances at year end be transferred to the group faculty senate account.

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Improper Fiscal Year Accounting Treatment (Section 1-6 & 2-19)

CONDITION: We noted during our audit of the Lunch Fund that check number 1927 in the amount of \$3,322.95 was written on June 16, 1997, debited by the bank prior to June 25, 1997, but not included as expenditure for the fiscal year ended June 30, 1997. This expenditure was improperly recorded in the 1997-98 fiscal year. This is an improper fiscal year accounting treatment.

CRITERIA: The Manual states, "Basis of accounting refers to when revenues and expenditures are recognized in the accounting records and reported in the financial statements. Specifically, it relates to the timing of the measurements made. Revenues are to be recognized when received and expenditures when checks are issued." The Manual further states, "The annual financial statements are to be prepared on the fiscal year basis of July 1 through June 30 each year and are to include all financial activities of the school for the year for which prepared."

EFFECT: Improper fiscal year expenditure recognition causes the annual financial statement to be misstated and also causes the school to not be in full compliance with the policies and procedures of the West Virginia Department of Education. Because of this error the expenditures are understated by \$3,322.95 and the ending balance was overstated by a like amount for the fiscal year ended June 30, 1997.

RECOMMENDATION: We recommend the administrators of Union Elementary School record all transactions in the proper fiscal year in accordance with the policies and procedures of the West Virginia Department of Education.

MONROE COUNTY BOARD OF EDUCATION
Individual School Findings
Fiscal Year Ended June 30, 1997

Union Elementary School

FINDING:

Inaccurate Annual Financial Statement for General Fund (Section 1-6 & 1-30)

CONDITION: It was noted during our audit that the annual financial statement (WVDE 11-10-24) submitted for the Union Elementary General Fund was inaccurate and did not follow proper fiscal year accounting procedures. Revenue was overstated by including a deposit in the amount of \$5,541.40 that was made on June 17, 1996, and expenditures were overstated \$424.33 due to four checks written in June, 1996, but included in expenditures for fiscal year ended June 30, 1997. The beginning fund balance was understated by \$5,451.40 as a result of the net effect of the revenue/expenditure inaccuracy.

CRITERIA: The Manual states, "Annual financial statements are to be prepared for each fund maintained by a school on forms provided by the State Department of Education. The annual financial statements are to be prepared on the fiscal year basis of July 1 through June 30 each year and are to include all financial activities of the school for the year for which prepared."

EFFECT: By failing to follow proper fiscal year accounting period requirements the annual financial statement prepared and submitted for the faculty senate fund for the year ended June 30, 1997, is inaccurate.

RECOMMENDATION: We recommend adhering to the requirements in the Manual applicable to fiscal year accounting procedures. All transactions occurring between July 1 and June 30 are to be included in the applicable year end financial statement.

ACTION PLAN FOR UNION ELEMENTARY SCHOOL FINDINGS: The treasurer will address all school findings in meetings with school principals and secretaries. These meetings, to be held in August 1998, will address accounting procedures and corrections will be expected.

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FORM OF LEGAL OPINION

_____, 1999

The Board of Education of the
 County of Monroe
 Willow Bend Road
 Union, West Virginia 24983

RE: \$2,100,000 The Board of Education of Monroe County (West Virginia)
 Public School Bonds, Series 1999

Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of \$2,100,000 Public School Bonds, Series 1999 (the "Bonds"), of Monroe County School District, by and through The Board of Education of the County of Monroe (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated July 1, 1999, 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 July 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 1999, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	90,000	_____%
2001	100,000	_____%
2002	110,000	_____%
2003	115,000	_____%
2004	120,000	_____%
2005	125,000	_____%
2006	130,000	_____%
2007	135,000	_____%
2008	145,000	_____%
2009	150,000	_____%
2010	160,000	_____%
2011	165,000	_____%
2012	175,000	_____%
2013	185,000	_____%
2014	195,000	_____%

The Bonds were authorized at the general election held in the Monroe County School District on February 27, 1999 and by a Resolution and Order adopted by the Issuer (the "Resolution") on December 30, 1998, and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation and repair of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Monroe County School District, and paying costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

1. The Issuer is a school district presently existing under the laws of, and a political subdivision of, the State of West Virginia, with full power and authority to adopt the Resolution and to issue and sell the Bonds under the provisions of the Act and other applicable provisions of law.
2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has power and is obligated to levy ad valorem taxes upon all the taxable property within the Monroe County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.
3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that interest on the Bonds held by a corporation may be indirectly subject to alternative minimum tax because of its inclusion in the reported income or earnings and profits

ELECTED OFFICIALS OF THE BOARD

Steve Miller, Board President

Mr. Miller was elected to the Board in 1992 and re-elected in 1996, with this term expiring in 2000. A graduate of Oak Hill High School and Concord College, he received his Masters Degree in Administration from Radford College, with additional graduate hours from Marshall and West Virginia Universities.

Mr. Miller is a member of the Peterstown Missionary Baptist Church and is presently serving as a Deacon and member of the Finance Committee.

He taught and coached one year in Monroe County before serving 2 years in the E.O. D. Special Forces in the Military. Following military service, he worked as a teacher and also as principal in Giles County, Virginia and Monroe County until retirement in 1988.

He is past president of the Peterstown Ruritan Club and is presently serving as Finance Chairman. He has served on the Board of Directors for the following: Beckley State Farmers Market, Red Sulphur Public Service District, Monroe Industrial Park and Springfield Nursing Home.

Mr. Miller and his wife, a retired school teacher, have 2 children and 3 grandchildren, who attend Monroe County schools.

Edward W. Pell

Mr. Pell was elected to the Board in 1994 and again in 1998, his current term expires in 2002. He is a graduate of Morgantown High School and West Virginia University, receiving Bachelor of Science and Master of Science Degrees. Mr. Pell is employed by West Virginia University as Manager of the Willow Bend Demonstration Farm. He is an Elder and Chairman of the Board of Directors for the Lindside Christian Church.

He and his wife, who teaches in Monroe County, are the parents of 3 children and have 2 grandchildren.

Robert Weikle

Elected in 1990, Mr. Weikle is currently serving his 3rd term of office, with this term expiring in 2002. He graduated from Hinton High School and has been employed by Sibold Excavating in Union for 14 years.

Mr. Weikle has been a Little League baseball coach for 9 years and was Cub Master and a Scout Leader in Cub Scouts for 5 years. He also served on the West Virginia Extension Committee for 2 years.

Mr. Weikle and his wife reside in Union with their 2 sons, both of whom are students in Monroe County Schools.

Evelyn Hansbarger

Ms. Hansbarger was first elected to the Board in 1974 for a 6 year term. She was elected in 1998 to finish out a 2-year, unexpired, term which will end in 2000. She is a graduate of Huntington East High School and attended Marshall University. In addition to serving on the Board of Education, she also serves on the RESA I Board of Directors, is Treasurer of the Monroe County Historical Society, Treasurer of the Monroe Early Childhood Association and Chair of the County Chapter of the American Red Cross.

Prior to her retirement in 1995, Ms. Hansbarger was Fiscal Officer for the West Virginia Humanities Council.

She has 4 grown children and 2 grandchildren.

Shirley Neel

Appointed to the Board of Education in the spring of 1997, to fill the unexpired term of Harry Mohler, Mrs. Neel was elected in 1998 for a 4 year term, which will expire in 2002. She is a graduate of Union High School and attended Greenbrier Community College. She recently retired after 25 years as Administrator of the Monroe Health Center in Union. She is a Board Member of the West Virginia Rural Health Education Partnership Program and serves as a Deacon and pianist at the Carmel Presbyterian Church in Gap Mills. She has been a member of the Union Chapter of the Order of the Eastern Star for 26 years and is active in many community service programs and organizations.

Mrs. Neel and her husband have 3 children and 2 grandchildren.

Appointed Officials of the Board

Lyn Guy

Ms. Guy has been Superintendent of Monroe County Schools since September 1991. Previously, she served as Upper School Director/Assistant Headmaster at Carlisle School in Martinsville, Virginia, in addition to directing the theater program and teaching English. Prior to that, she taught English and Drama at Person Senior High School in Roxboro, North Carolina and directed amateur summer theater and the high school theater program, as well as children's theater for the Person County Department of Parks and recreation.

A graduate of Union High School, she received her B.S. Degree from Concord College with teaching fields in English, Speech and Drama. Her Master of Science Degree from Duke University includes a focus on the teaching of writing as well as English curriculum. She was a student at the Breadloaf School of English in Middlebury, Vermont and served as a adjunct instructor at Patrick Henry Community College in Martinsville, Virginia. Additional course work leading to her Doctorate in Education Leadership as well as the Superintendent's Certificate and administration have been completed at both Marshal University Graduate College and West Virginia University with graduation slated for December 1999 in the doctoral program.

Ms. Guy has been a member of the Monroe County Coalition for Children and Families Board of Directors since 1992, is a member of the West Virginia School Personnel Association, the West Virginia Association of School Administrators, and the American Association of School Administrators. She was the County Chair for the American's Promise drive in 1997-98 and is currently serving as Chair of the Southeastern Tech Prep Consortium, as well as serving on numerous grant administrative boards.

Robert Phillips

A 1975 graduate from West Virginia Institute of Technology with a B.S. Degree in Comprehensive Business Education, Mr. Phillips began his career as a classroom teacher from 1975 – 1979 before filling the position of Business Manager for Monroe County Board of Education. In 1981 he was appointed Treasurer.

Mr. Phillips entered college in 1965 and completed one year, but due to the Vietnam conflict was unable to gain financial support to continue, enlisted in the U.S. Navy and completed 4 years of military service. During his tenure with the Navy, he served 2 tours in Vietnam, the last year with the Navy river boats known as the "Swifts". After his military service, he returned to complete his degree work in 1971.

Mr. Phillips and his wife have 3 children and are the grandparents of 4 grandchildren.

In recent years he has served as President of the West Virginia Association of School Business Officials and Chair of the Southeastern Association of School Business Officials. He is active as a member of the Masonic Lodge, as well as serving as a Deacon and Sunday School teacher in his local church.

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by The Board of Education of the County of Monroe (West Virginia) (the "Issuer") in connection with the issuance of \$2,100,000 The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated March 18, 1999 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b) (5).

SECTION 2. Definitions. In addition the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

"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).

"Dissemination Agent" shall mean United National Bank, Charleston, West Virginia, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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 Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently July 30), commencing with the report for the 1999 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give 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 said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. Core financial information and operating data for the prior fiscal year, including (i) the Board's audited general purpose financial statements, prepared in accordance with rules prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles, and (ii) material historical quantitative data on the Board's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "School District's Receipts and Expenditures" including, tax levies and collection data;

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice 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. defeases.
10. release, substitution, or sale of property securing repayment of the securities.
11. interruptions in normal assessment and ad valorem property tax procedures and collections.
12. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the Repositories and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, 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 Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 Resolution for amendments to the Resolution 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 Certificate, 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(c), 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 Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Issuer shall have no obligation under this Certificate 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 to comply with any provision of this Disclosure Certificate (and, at the request of the Original Purchaser), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July ____, 1999

THE BOARD OF EDUCATION OF THE COUNTY OF
Monroe

By _____
Its: Secretary

GBB.GBB.0053822

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Board of Education of the County of Monroe (West Virginia)
Name of Bond Issue: \$2,100,000 The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999
Date of Issuance: July 1, 1999

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section __ of the Certificate dated July __, 1999. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BOARD OF EDUCATION OF THE COUNTY OF
MONROE

By _____

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **July 1, 1999.**

Bloomberg Municipal Repository

P. O. Box 840
Princeton, NJ 08542-0840
Internet address: MUNIS@bloomberg.doc
(609) 279-3235
Facsimile: (609) 279-5963

Thomson NRMSIR

Attn.: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Internet address: Disclosure@muller.com
(212) 807-5001 or (800) 689-8466
Facsimile: (212) 989-2078

Disclosure, Inc.

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701
Facsimile: (201) 947-0107
Internet Address: nrmsir@dpcdata.com

Kenny Information Systems, Inc.

65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4568
Facsimile: (212) 797-7994
Contact: Joan Horai, Repository



BOWLES RICE
McDAVID GRAFF & LOVE, PLLC

ATTORNEYS AT LAW

600 QUARRIER STREET
POST OFFICE BOX 1386
CHARLESTON, WEST VIRGINIA 25325-1386
TELEPHONE 304-347-1100
www.bowlesrice.com

5TH FLOOR, UNITED SQUARE
501 AVERY STREET
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE 304-485-8500

1200 WORLD TRADE CENTER
333 WEST VINE STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-225-8700

1000 TECHNOLOGY DRIVE, SUITE 2310
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-4000

105 WEST BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-0836

7000 HAMPTON CENTER, SUITE K
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-1390

July 22, 1999

E-MAIL

emcdevit@bowlesrice.com

WRITERS DIRECT DIAL NUMBERS

(304) 347-1711 -- Telephone

(304) 343-3058 -- Facsimile

Certified Mail - Return Receipt Requested

\$2,100,000

The Board of Education of the County of Monroe
(West Virginia) Public School Bonds, Series 1999

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith please find a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above 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 you have acknowledged receipt of same on its face, in the enclosed self-addressed stamped envelope provided for such purpose.

Thank you in advance for your anticipated courtesies and attention in this matter.

Very truly yours,


Edward D. McDevitt

EMD/ms

cc: Ms. Marie L. Prezioso
Mr. Robert Phillips

Part I Reporting Authority

1 Issuer's name: Monroe County Board of Education
2 Issuer's employer identification number: 55 6000368
4 Report number: G19 99-1
5 City, town, or post office, state, and ZIP code: Union, West Virginia 24983
7 Name of issue: \$2,100,000 The Board of Education of Monroe County (WV) Public School Bonds, Series 1999
8 CUSIP number: 610820

Part II Type of Issue (check applicable box(es) and enter the issue price)

9 Education (attach schedule-see instructions) \$ 2,100,000
10 Health and hospital (attach schedule-see instructions)
11 Transportation
12 Public safety
13 Environment (including sewage bonds)
14 Housing
15 Utilities
16 Other. Describe (see instructions)
17 If obligations are tax or other revenue anticipation bonds, check box
18 If obligations are in the form of a lease or installment sale, check box

Part III Description of Obligations

Table with 7 columns: (a) Maturity date, (b) Interest rate, (c) Issue price, (d) Stated redemption price at maturity, (e) Weighted average maturity, (f) Yield, (g) Net interest cost. Row 19: Final maturity 6/1/2014, Interest rate 4.80%, Issue price 195,000, Stated redemption price at maturity Par, Weighted average maturity 8.789 years, Yield 4.75727%, Net interest cost 4.75733%.

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

21 Proceeds used for accrued interest
22 Issue price of entire issue (enter amount from line 20, column (c)) 2,100,000
23 Proceeds used for bond issuance costs (including underwriters' discount) 40,000
24 Proceeds used for credit enhancement
25 Proceeds allocated to reasonably required reserve or replacement fund
26 Proceeds used to currently refund prior issues
27 Proceeds used to advance refund prior issues
28 Total (add lines 23 through 27)
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here) (40,000)

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30 Enter the remaining weighted average maturity of the bonds to be currently refunded
31 Enter the remaining weighted average maturity of the bonds to be advance refunded
32 Enter the last date on which the refunded bonds will be called
33 Enter the date(s) the refunded bonds were issued

Part VI Miscellaneous

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) 2,100,000
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)
36b Enter the final maturity date of the guaranteed investment contract
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units
37a b If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer and the date of the issue
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box
39 If the issuer has identified a hedge, check box

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.

Please Sign Here

Signature of issuer's authorized representative: Robert W Phillips

Date: 7/22/99

Robert Phillips, Treasurer

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

LINE 9 SCHEDULE

Name and employer identification numbers (EINs) of all organizations that are to use proceeds of the Bonds

<u>NAME</u>	<u>EIN</u>
The Board of Education of Monroe County, West Virginia	55-6000368

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
GRANT CONTRACT UP TO THE AMOUNT OF \$1,000,000.00
WITH THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

This Grant Contract (the "Contract") is entered into by and between the School Building Authority of West Virginia (the "Authority") and The Board of Education of the County of Monroe (the "County Board") this 1st day of July, 1999.

RECITALS

A. The Authority was established pursuant to the Constitution and laws of the State of West Virginia, including, particularly, Chapter 18, Article 9D of the Code of West Virginia, 1931, as amended (the "Code") (the "Act") to provide available funds (as described in Section 18-9D-6 of the Act) to finance the costs of acquisition, construction, renovation, repair and safety upgrading of facilities for public school purposes in the State of West Virginia (the "State").

B. In accordance with the Act and the Program Guidelines of the Authority, and at the request of the County Board, the Authority has determined to grant funds to the County Board for the purpose of financing the costs of the projects described in Exhibit A-1 attached hereto.

C. This Contract provides the terms and conditions upon which the Authority agrees to make and the County Board agrees to accept such grant.

Section 1. Subject to the terms and conditions described herein, the Authority hereby grants to the County Board, funds up to \$1,000,000.00 (the "Grant"). The expiration date of this funding grant shall be June 30, 2002.

Section 2. The Authority shall be granted the privilege to act as co-owner of properties during construction or renovation of the facility without the liability of ownership.

Section 3. Upon receipt of evidence satisfactory to the Authority that the County Board is prepared to commence expenditures of the proceeds of the Grant during the then current fiscal year, the proceeds of the Grant shall be transferred from the Authority's School Construction Fund held by the West Virginia State Treasurer to United National Bank (the "Depository") and deposited in a fund to be known as the "School Building Authority of West Virginia Project Fund" (the "Project Fund"). The proceeds of the Grant shall be held in a separate subaccount of the Project Fund in the name of the County Board (the "County Account"). The County Board hereby authorizes the Depository to invest amounts on deposit in the County Account in investment securities at the direction of the Authority. All interest earned on such will inure to the benefit of the Authority and will not be available for withdrawal by the County Board.

Section 4. Amounts in the County Account (not including investment earnings therein), may be withdrawn by the County Board at any time upon submitting a Requisition in the form attached hereto as Exhibit B to the Depository, with a copy submitted at the same time to the Authority. The Authority shall have the right to request additional information and/or documentation from the County Board with respect to any such Requisition. Disbursement shall not be made until the Authority approves such Requisition.

Section 5. The County Board hereby covenants and agrees to use the proceeds of the Grant only for approved expenditures with respect to the specific projects described on Exhibit A-1 unless it receives the prior written consent of the Authority. The County Board agrees not to submit a requisition for expenditures which will not be incurred with respect to the project. The County Board agrees to cause said project to be constructed within the total sums available to it, including said grant, in accordance with the plan submitted by the county to the Authority for funding as described in Exhibit A-1 and in accordance with the regulations, guidelines and direction of the Authority.

Section 6. In accordance with the mandates of the Act and regulations promulgated thereunder (the "Code"), the County Board covenants and agrees to expend all of the proceeds of the Grant by its designated expiration date as set forth in Paragraph C., Section 1., of this Contract. If the County Board fails to expend the entire Grant by such date, the County Board hereby authorizes and directs the Authority to withdraw and the Depository to pay to the Authority any amounts remaining on deposit in the County Account five business days after the above referenced expiration dates.

Section 7. The County Board hereby covenants and agrees that it shall not proceed with the building design for the school without first securing a clear and free title to the property where the SBA funded facility is to be constructed, or without securing a right-of-entry as result of a condemnation proceeding initiated to secure the site where the SBA funded school is to be constructed.

Section 8. The County Board hereby covenants and agrees that it will submit the educational specifications, as well as design plans and specifications as per the State Board of Education Policy 6200 and the Authority's Guidelines and Procedures Handbook for the erection and/or renovation of school buildings to the Authority for approval. Such plans and specifications shall comply with all requirements set forth in the Program Guidelines. Approval of plans and specifications for final construction will be subject to evaluation of the plan and the proposed site by the Authority.

Section 9. The County Board shall award bids only to properly licensed contractors as per the state Tax Department regulations. The County Board of Education shall require written evidence from all prime contractors that all sub contractors and all sub-sub contractors performing work on the approved project shall be covered by all required bonding.

Section 10. The County Board agrees to include in its contracts relating to projects receiving funds from the Authority items set forth in Appendice K of the School Building Authority Policy and Regulations Manual.

Section 11. The County Board agrees that the funds it receives as a Grant will not be used by the maintenance department of the County Board for the purpose of purchasing materials and equipment needed to improve and maintain existing facilities.

Section 12. The County Board shall employ a "Clerk-of-the-Works" to monitor all construction projects, unless otherwise waived by the Authority. The "Clerk-of-the-Works" shall not be a regular employee of the county board. The County Board shall use its best efforts to provide funds for the payment of such "Clerk-of-the-Works" by negotiating a reduction in architectural fees relating to such project. The grant recipient may, at the discretion of the Authority's Construction Committee, be required to proceed with the construction project using an Authority approved design, construction schedule and construction management method. Requirement of a Clerk-of-the-Works will be waived for counties using construction management.

Section 13. The County Board shall retain an architect for renovations, additions and/or new construction projects as required by Chapter 5G of the WV Code or as required by the School Building Authority.

(i) The County Board agrees to retain architectural services using AIA B141, Standard Form of Contract between Owner and Architect, latest Edition or the approved School Building Authority Architectural/ Engineering Service Agreement. The County Board agrees that any percentage architectural fees shall be based upon the bid cost of the project, excluding cost overruns and change orders in accordance with Section K of the SBA Guidelines.

(ii) Should the bids received exceed the established project budget, the architect shall be required to revise the contract documents and re-bid the project at no additional cost or fee to the County Board.

(iii) The County Board agrees to contractually require the architectural firm to revise plans without additional cost to the County Board when the preliminary plans provided for review do not meet the requirements of the Authority, State Fire Marshal or any other regulatory agency.

(iv) All construction change proposal requests, change directives or construction change orders shall be submitted to the Authority for review and approval. Changes shall be submitted to the Authority in an AIA document format. Any project change that is not approved by the Authority which results in an encumbrance of additional project funds regardless of the source, may at the option of the Authority, cause termination of this grant. The County Board, at the demand of the Authority, will assume responsibility of existing contracts, forfeit the remaining grant funds and repay the Authority the full amount of grant funds expended at the time of termination with interest accruing from the date of termination at the rate of six percent per annum.

(v) The project budget shall be amended to reflect any and all increases or decreases in the project finance plan. Funds from any and all sources shall be submitted in the form attached hereto as Exhibit C for review and approval by the Authority. No construction contract or change order may be executed by the Grantee until all sources of financing are identified and an updated Exhibit C is submitted and approved by the Authority.

Section 14. No educational facility shall be occupied without prior approval from the Authority and the appropriate state and county regulatory agencies.

Section 15. The County Board agrees to keep the project in good repair and working order after completion. The County Board acknowledges that the Authority may inspect any project from time to time after completion, and if the Authority determines that a project is not being maintained in such condition, the State Board of Education may require that state aid monies be used to provide improvements or repairs to such Project.

Section 16. Any funds designated in this contract are provided in accordance to the details of the project as presented in the Comprehensive Educational Facilities Plan approved by the State Board of Education for the County Board. Failure to develop the project in accordance with the approved plan entails a misrepresentation that may, at the discretion of the Authority, void this contract. These details include designated utilization of the facility, instructional improvements, cost savings measures, health and safety improvements, and the initiation of any student/teacher services so indicated in the plan.

Section 17. The County Board of Education understands that it must conduct any school closure hearings required by this project and obtain State Board of Education approval of such closures prior to submitting any invoice to the SBA for consideration of payment and that the SBA will not recognize any invoice prior to such action by the County and State Boards of Education.

Section 18. The County Board agrees that the Authority will maintain a 5% retainage based on the total construction cost of the project until all construction contracts are complete and an approved Certificate of Project Completion is executed.

Section 19. The County Board has represented that the amount of \$1,078,908.00 in local funds will be available for the project described in Exhibit A-1. The parties recognize that such local funds are necessary to permit the County Board to undertake such projects. The County Board agrees to provide evidence satisfactory to the Authority by June 30, 1999, that it has such local funds. No funds shall be provided under this Grant for expenditure prior to satisfaction of such condition. Expenses for any local bond election will not be paid from this grant and such amounts shall not be considered part of the cost of the project. Notwithstanding anything in this Contract to the contrary, in the event that evidence is not provided to the Authority as aforesaid, the Grant to the County Board described herein shall expire on June 30, 1999, and the County Board shall thereafter have no rights whatsoever with respect to the moneys which are the subject of such Grant.

Section 20. The County Board agrees that funds for payment of all requisitions shall be made available from this grant in the proportion of state to local or other funds dedicated to this project. Payment shall be made based on the following schedule:

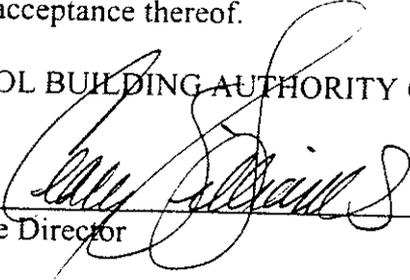
<u>Responsible Party</u>	<u>Percentage of Funds Submitted for Payment</u>
County Board	51.90%
Authority	<u>48.10%</u>
	100.00%

Section 21. In order to utilize state funds expeditiously in accordance with The Code and to avoid extraneous costs associated with inflation that occurs in extraordinary design and/or finance planning and construction delays, this grant is conditioned upon the representation of the County Board, by the affixed signature of their President, that they will meet the planning and construction schedule outlined in Exhibit A-2 of this contract. Upon failure to comply with such schedule made in Exhibit A-2 of this agreement, the County Board shall be in default of this agreement and subject to the default provision set forth in this instrument.

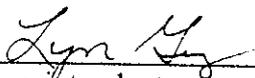
Section 22. Upon any default under its representations of the agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at yield rate of the bonds from which the grant was made. Default by the Grantee will constitute termination of the grant thereby causing cancellation of assistance by the School Building Authority under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulation under which this grant is made.

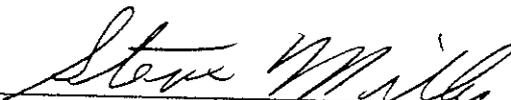
Section 23. This Grant Contract shall become effective as of the date first written and upon your mutual acceptance thereof.

FOR THE SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

By 
Executive Director

Accepted and agreed to as of the date first above written:
THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By 
Superintendent

By 
President, County Board of Education

SBA 125

Revised 12/14/98

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

COUNTY: Monroe

DATE OF GRANT: July 1, 1999

PROJECT NUMBER,
SCHOOL FACILITY AND
ESTIMATED COST:

57-202-250

Peterstown Elementary School

\$2,078,908.00

DESCRIPTION OF PROJECT:

Additions and renovations to Peterstown Elementary School that includes additional space to be added to the kitchen/dining area and the addition of an eight classroom wing and a multi-purpose room. At the conclusion of this project, the use of four portable classrooms will be discontinued at this school.

REVENUE SOURCES:

School Construction Fund Allocation	1,000,000.00
Local Bond Issue	<u>1,078,908.00</u>
TOTAL FINANCE PLAN	<u>2,078,908.00</u>

PROJECT DEVELOPMENT SCHEDULE

Exhibit A-2

High School/Design Build Schedule

Milestone	Timeframe (months)
1. Planning and schematic design	6
2. Design development and technology plan	4
3. Bidding documents	4
4. Construction	22
Total time	36

Middle School/Design Build Schedule

Milestone	Timeframe (months)
1. Planning and schematic design	6
2. Design development and technology plan	4
3. Bidding documents	4
4. Construction	18
Total time	32

Elementary School/Design Build Schedule

Milestone	Timeframe (months)
1. Planning and schematic design	6
2. Design development and technology plan	2
3. Bidding documents	4
4. Construction	14
Total time	26

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
EXHIBIT B
REQUISITION FORM

2000

COUNTY: _____ DATE: _____

SUBMIT TO:

SUBMIT TO:

United National Bank
P.O. Box 393
Charleston, WV 25392
Attention: Kathy Smith

School Building Authority of West Virginia
2300 Kanawha Blvd., East
Charleston, WV 25311-2306
Attention: Garry Stewart

You are authorized to make the following disbursement from the School Building Authority of West Virginia Project Fund (the "Fund") maintained under that certain Depository Agreement dated February 15, 1990 by and between the School Building Authority of West Virginia and United National Bank, as Depository.

- (1) County Account: _____
- (2) Requisition Number: _____
- (3) Name of School: _____
- (4) SBA Project Number: _____
- (5) Name and Address of Payee:
(Co. Bd. Of Ed. Or RESA) _____

- (6) Amount:
(Total all invoices) _____

- A. The expense listed above has been incurred as a cost of a project identified in the Grant Contract, dated _____ by and between the School Building Authority of West Virginia and the undersigned county board.
- B. A copy of the invoice relating to this payment and a description of the work, materials or equipment is attached. Such materials are not subject to any lien or security interest and such funds will not be used to satisfy such lien or security interest.
- C. By affixing my signature, I certify that all requisitions from which payment was received the prior month have been paid to the vendor(s).

Dated this ____ day of _____, 199_.

THE BOARD OF EDUCATION OF
THE COUNTY OF _____

By _____
County Superintendent

Note: Requisitions must be received by United National Bank and the Authority on or prior to the 5th day of the month in which payment is required. Nor facsimile requisitions will be accepted for issue of payment.

**SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
PROJECT FINANCE PLAN AMENDMENT FORM
EXHIBIT C**

County: _____

Date: _____

Project Description: _____

<u>Description of Funding Sources:</u>	<u>Date of Availability</u>	<u>Construction Budget As Previously Approved by SBA</u>	<u>Increase(Decrease) in Project Funds</u>	<u>Construction Budget As Proposed By County BOE</u>	<u>Percentage of Total Funding</u>
Original SBA Construction Fund Grant					
Supplemental SBA Grants Awarded					
<u>Local Funding (Indicate Source):</u>					
1.					
2.					
3.					
4.					
5.					
6.					
<u>Other Funding (Indicate Source):</u>					
1. DOH Reimbursement					
2. Federal Government Grant					
3.					
4.					
5.					
Total Project Finance Plan					

- A. A copy of the County Board of Education minutes approving this amendment must be attached to this form.
- B. A copy of SBA/SDE Form 106 that was approved by the State Board of Education must be attached to this form.
- C. We certify to the best of our knowledge and belief that the above information is correct.

County Board of Education President

County Superintendent

Monroe County Schools

P. O. Box 330
Union, WV 24983
304-772-3094
Fax: 304-772-5020

July 12, 1999

Ferris, Baker Watts, Inc.
170 Laidley Tower
Charleston, WV 25301

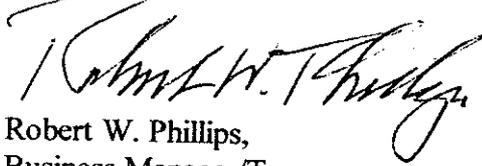
Bowles Rice McDavid Graff & Love, PLLC
600 Quarrier Street
Charleston, WV 25301

Gentlemen:

This letter is to certify that Monroe County Schools will deposit \$100,000.00 of local funds into the construction/bond account for the construction program approved by voters on February 27, 1999.

This deposit shall be made to the Bank of Monroe, Union, WV, 24983, on or before July 22, 1999, the closing date for the bond program.

Sincerely yours,



Robert W. Phillips,
Business Manager/Treasurer

AN ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF MONROE DIRECTING AN ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF MONROE COUNTY SCHOOL DISTRICT ALL QUESTIONS CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING OF BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED TWO MILLION ONE HUNDRED THOUSAND DOLLARS (\$2,100,000)

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

1. There are now and have been for several years in the School District deficiencies in the school building facilities presently existing which generally result in insufficient space, overcrowding, and a lack of efficiency. To correct these deficiencies, there is a need to enlarge, equip, extend, furnish, improve, construct and renovate certain school facilities in all grade and age levels, as soon as possible, in the manner hereinafter stated.

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

3. To obtain the necessary funds for the projects hereinafter described, it will be necessary to incur debt and issue Bonds for the acquisition, construction, erection, improvement, equipping and furnishing of such projects. Studies by the Board show that the School District must spend at least the sum of Three Million Two Hundred Thousand Dollars (\$3,200,000) for such purposes, which would come from the proceeds of the sale of the Bonds ("Bond Funds") in the amount of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the amount of One Million Dollars (\$1,000,000) and funds of the School District currently available ("Local Funds") or any other source, all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.

4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is \$162,249,510, and valuation of each class of property within the School District is as follows:

Class I	\$ 6,868,872
Class II	77,151,133
Class III	66,849,095
Class IV	11,380,410
Total	\$162,249,510

5. The Board and the School District now has no outstanding bonded indebtedness. The unbonded indebtedness of the School District is for current expenses and can be paid from current levy funds. The maximum bonded indebtedness the Board may incur is \$8,000,000. Accordingly, Bonds in the amount of \$2,100,000 being less than five percent (5%) of the value of such taxable property as ascertained by the last assessments thereof for State and County and while taking into account the School District's outstanding bonded indebtedness, may be issued and sold without violating any constitutional or statutory provision.

6. Bonds in the denomination of \$5,000.00 each, or integral multiples thereof, aggregating up to \$2,100,000 should be issued and sold, the proceeds of which shall be used for the projects hereinafter described, provided, however, that in the event that any part of the Bond proceeds should not be needed for completion of the projects, such unneeded part shall be deposited with the Municipal Bond Commission of West Virginia to be used solely for the purchase of any Bonds of this issue outstanding at not more than the par value thereof plus accrued interest to date of purchase or for the payment of such Bonds and the interest thereon at the maturities thereof. The proceeds of sale of the Bonds will not be used except as herein specified; and, provided, further, the Board shall have the authority to pay matured interest and the principal amount of any matured Bonds from Bond proceeds until levy money is available to pay the same and thereafter, the Bond proceeds expended for this purpose shall be reimbursed from levy money collected.

7. The question of incurring said debt and issuing said Bonds and all other questions properly connected therewith shall be submitted to the voters of the School District at the primary election to be held on the 27th day of February, 1999, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Monroe County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Monroe County, West Virginia in connection with said special election.

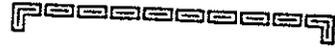
8. The Bonds shall bear interest at a rate or rates not exceeding the rate of seven percent (7.00%) per annum, payable semiannually, but it is hoped that the best bid for the Bonds will provide a lower interest rate (which might result in somewhat lower levy rates needed to pay the Bonds and the interest thereon); and the Bonds shall be payable for a maximum term of fifteen years six months (15.50 years) from the date thereof.

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

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

PROJECT	LOCATION	ESTIMATED COST
Peterstown Elementary School Construction of an eight classroom addition, an indoor play area and kitchen and dining area at structure.	Peterstown, WV	Bond Funds: \$ 978,908 SBA Funds: 1,000,000 Local Funds: 100,000 Total Costs: \$2,078,908
Peterstown Middle School Expand kitchen facilities and improve HVAC, repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$593,092
Monroe County Technical School Replace existing roof with new 19,000 sq. ft. bitumen roofing.	Lindsay, WV	Bond Funds: \$100,000

Certificate Of Publication



WEST VIRGINIA

OF MONROE, S.S.:

I, Dale P. Mohler, publisher of THE MONROE WATCHMAN, do hereby certify that the annexed advertisement of "Public Notice of an Order in the Matter of Contracting and the Issuing of Bonds" is published in accordance with the provisions of the Code of West Virginia.

(matter) of Monroe County Board of Education.

... published Two (2) consecutive weeks in THE MONROE WATCHMAN, a newspaper published at Union, Monroe County, West Virginia, beginning the 18th day of February, 1999.

... under my hand this 1st day of March, 1999.

Dale P. Mohler
Publisher

... under my hand this 1st day of March, 1999.

Deborah R. Neel
Notary Public

... commission expires on the 21 day of April, 2000.

OFFICIAL SEAL
NOTARY PUBLIC STATE OF WEST VIRGINIA
DEBORAH R. NEEL
HC 76, BOX 32A
UNION, WV 24933
COMMISSION EXPIRES 04-21-2003

ventilation and air flow and other equipment and furnishings.

Mountain View Elementary/
Middle School Union, WV Bond Funds: \$100,000
Provide equipment and furniture

Bus Garage Replacement Union, WV Bond Funds: \$100,000
Project Costs: \$ 3,147,000
Costs of Issuance: 53,000
SBA Funds: (1,000,000)
Local Funds: (100,000)
Total Proposed Bond Call: \$2,100,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the amount of One Million Dollars (\$1,000,000) and Local Funds in the amount of One Hundred Thousand Dollars (\$100,000) with the total amount to be expended by the Board from all sources, being a sum in the approximate amount of Three Million Two Hundred Thousand Dollars (\$3,200,000).

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

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

Upon Class I Property approximately 5.37 cents
Upon Class II Property approximately 10.74 cents
Upon Class III Property approximately 21.48 cents
Upon Class IV Property approximately 21.48 cents

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

13. If the debt represented by this Bond issue shall be approved by the voters, such Bonds, together with all existing bonded indebtedness heretofore incurred under Section 1, Article X, of the Constitution, will not exceed in the aggregate five percent (5%) of the taxable property in the School District ascertained in accordance with Sections 8 and 10, Article X, of the Constitution of this State and will be payable from a direct annual tax levied and collected in each year on all taxable property in said School District, sufficient to pay the principal and interest maturing on said Bonds in each year, which maximum rates are provided for tax levies for school districts on the several classes of property in Section 1, Article X of the Constitution, but in the same proportions as such maximum rates are levied outside the limits fixed by Section 1, Article X of the Constitution.

14. If the debt and Bonds submitted to the voters shall be approved, by virtue of Section 8, Article X of the Constitution, known as the "School Bond Amendment", and the enabling legislation enacted by the Legislature of West Virginia Regular Session, 1951, amending and reenacting Sections 3 and 4, Article 1, Chapter 13, of the Code, and the enabling legislation enacted by the Legislature of West Virginia, Regular Session, 1959, amending and reenacting Section 4 and adding Section 34, Article 1, Chapter 13, of the Code, levies hereinbefore provided will not violate any constitutional or statutory provisions of this State establishing maximum levies, said levies herein provided shall be levied and allocated each year for the purposes of discharging the interest and principal of the Bonds to be authorized, and for such purposes shall be laid separate and apart from all other levies made for all other purposes of the School District, and the Board does further find that after laying and allocating said special levies for payment of principal and interest requirements of said Bonds, there will be, out of the levies authorized by law and apportioned for current expenses, a sufficient levy authorized by law which, when added to other income, will be sufficient to carry out the proper requisite functions of said Board and of said School District.

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

After careful study and due deliberation, the Board finds that available funds are insufficient for the payment of general current expenses and for correcting deficiencies in school building facilities. Wherefore the Board orders the submission to the voters of Monroe County at the next election to be held on February 27, 1999, of the question of whether the Board should issue and issue Bonds in an amount not to exceed \$2,100,000 for the purposes set forth in this order.

1. The commissioners and clerks appointed and certified for the purpose of the election shall be the same commissioners and clerks designated, appointed and certified by the County Commission and as adopted by a supplemental order of this Board.
2. Notice of this question shall be given by publication of this Order at least once each week or two (2) successive weeks before the election and within fourteen (14) consecutive days next preceding the election in The Monroe Watchman which (is) a newspaper of general circulation in the School District.
3. The ballot shall be in the form that follows:

OFFICIAL BALLOT

That the Board of Education of the County of Monroe incur debt and issue bonds in the amount of \$2,100,000, maturities on such bonds to run not more than fifteen years six months 5.50 years) from the date of such bonds, with interest not exceeding the rate of seven percent per annum (7.00%), payable semiannually, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping school buildings, facilities and structures in the Monroe County Public School District to provide adequate, safe and convenient facilities for the School District, namely:

PROJECT	LOCATION	ESTIMATED COST
Elementary School consists of an eight classroom addition, an indoor play area and kitchen and dining area at rent structure.	Peterstown, WV	Bond Funds: \$ 978,908 SBA Funds: 1,000,000 Local Funds: 100,000 Total Costs: \$2,078,908
Peterstown Middle School kitchen facilities and improve A.C. repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$593,092
Monroe County Technical School replace existing roof with new 19,000 sq. ft. bitumen roofing.	Lindside, WV	Bond Funds: \$100,000
Monroe High School complete interior of Auxiliary Gymnasium, including installation of wood floor, lights and improve ventilation and air flow and other equipment and furnishings.	Lindside, WV	Bond Funds: \$175,000
Maintain View Elementary/ Middle School replace equipment and furniture	Union, WV	Bond Funds: \$100,000
Garage Replacement	Union, WV	Bond Funds: \$100,000
		Project Costs: \$ 3,147,000 Costs of Issuance: 53,000 SBA Funds: (1,000,000) Local Funds: (100,000) Total Proposed Bond Call: \$2,100,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the amount of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the amount of One Million Dollars (\$1,000,000) and Local Funds in the sum of One Hundred Thousand Dollars (\$100,000) with the total amount to be expended by the Board from all sources, being a total in the approximate amount of Three Million Two Hundred Thousand Dollars (\$3,200,000).

The above amounts include the costs of acquiring necessary lands, sites and rights-of-way, engineering and architectural costs, including but not limited to the cost of using professional engineering and architectural personnel, the costs and estimated costs of the issuance of the Bonds, capitalized interest and such other costs, fees, and expenses as may be necessary and/or incurred in carrying out the foregoing projects. All Handicapped and E.S.S.I.A. Title I expenditures are subject to written approval by the West Virginia Department of Education. For any reason any one or more of the above-enumerated projects cannot be constructed, completed, or completed, the amount above set out for such project and any sums remaining thereon upon completion of any of the foregoing projects may be allocated by the Monroe County Board of Education in its discretion, to and expended as provided by Section 6(a), Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. In the event the Monroe County Board of Education shall obtain additional money by grant or otherwise from the State or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by the Board and the granting body or agency.

- Yes. (For the Bond Issue.)
- No. (Against the Bond Issue.)

INSTRUCTIONS TO VOTERS: To vote in favor of the proposition (for the Bond Issue) submitted on this ballot, mark an "X" in the box next to "Yes." To vote against the proposition (against the Bond Issue), mark an "X" in the box next to "No."

The Secretary of the Board with the assistance of the Clerk of the County Commission, and said Clerk is hereby designated and appointed as an agent of this Board for this election, and is hereby authorized and directed to procure and furnish to the election commissioners at each precinct, insofar as practicable, the ballots, poll books, tally sheets and other things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code of West Virginia, and to perform all duties imposed by law upon clerks of the County Commission and the County Court in relation to primary, general and special elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code. Absentee ballots shall be applied for, obtained from and returned to the Clerk of the County of Monroe, and said Clerk is hereby appointed the agent for the Clerk to perform all duties relating to absentee ballots in a primary, general or special election, and the registration of voters and the use of the registration booths shall be governed by the registration law of the State, and the Board hereby adopts the registration list of the County as the official registration list of the School District for this election, effective as of the 30th day of December, 1998.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: STEVE MILLER
President

By: EDWARD W. PELL
Member

By: SHIRLEY C. NEEL
Member

By: ROBERT WEIKLE
Member

By: EVELYN O. HANSBARGER
Member

Peterstown Middle School
Expand kitchen facilities and improve HVAC, repairs to gymnasium, dressing rooms and other classrooms including furniture and equipment as funds will allow.

Peterstown, W.V. Bond Funds

Monroe County Technical School Lindsie, WV Bond Funds: \$100,000

Replace existing roof with new 19,000 sq. ft. bitumen roofing.

James Monroe High School Lindsie, WV Bond Funds: \$175,000

Complete interior of Auxiliary Gymnasium, including installation of hardwood floor, lights and improve ventilation and air flow and other equipment and furnishings.

Mountain View Elementary/Middle School Union, WV Bond Funds: \$100,000

Provide equipment and furniture

Bus Garage Replacement Union, WV Bond Funds: \$100,000

Project Costs: \$ 3,147,000
Costs of Issuance: 53,000
SBA Funds: (1,000,000)
Local Funds: (100,000)
Total Proposed Bond Call: \$2,100,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Two Million One Hundred Thousand Dollars (\$2,100,000), SBA Funds in the amount of One Million Dollars (\$1,000,000) and Local Funds in the sum of One Hundred Thousand Dollars (\$100,000) with the total amount to be expended by the Board from all sources, being a sum in the approximate amount of Three Million Two Hundred Thousand Dollars (\$3,200,000).

The foregoing amounts include the costs of acquiring necessary lands, sites and rights-of-ways, if any, engineering and architectural costs, including but not limited to the cost of using County maintenance personnel, the costs and estimated costs of the issuance of the Bonds, capitalized interest and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. All Handicapped and E.S.S.I.A. Title I expenditures are subject to written approval by the West Virginia Department of Education. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Monroe County Board of Education in its discretion, to and expended as provided by Section 6(a), Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. In the event the Monroe County Board of Education shall obtain additional money by grant or otherwise from the state or federal government, or from any agency of either, or from any other source, for use in the acquisition, construction, renovation, improvement, furnishing, and/or equipping of the above-enumerated projects, such additional money may be used either in substitution for or in addition to the proceeds of the sale of the bonds proposed hereby, as may be determined by said Board and the granting body or agency.

Yes. (For the Bond Issue.)

No. (Against the Bond Issue.)

NOTICE TO VOTERS: To vote in favor of the proposition (for the Bond Issue) submitted on this ballot, mark an "X" in the box next to "Yes."

To vote against the proposition (against the Bond Issue), mark an "X" in the box next to "No."

4. The Secretary of the Board with the assistance of the Clerk of the County Commission, which said Clerk is hereby designated and appointed as an agent of this Board for this election, are hereby authorized and directed to procure and furnish to the election commissioners at each voting precinct, insofar as practicable, the ballots, poll books, tally sheets and other things necessary for conducting the election, as provided by Chapter 13, Article 1, Section 11 of the Code, and perform all duties imposed by law upon clerks of the County Commission and Circuit Court in relation to primary, general and special elections, and in accordance with Chapter 13, Article 1, Section 13 of the Code.

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

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

Adopted on the 30th day of December, 1998.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: STEVE MILLER

President

By: EDWARD W. PELL

Member

By: SHIRLEY C. NEEL

Member

By: ROBERT WEIKLE

Member

By: EVELYN O. HANSBARGER

Member

ATTEST:

LYN GUY

Secretary

Given under my hand this 30th day of December, 1998.

LYN GUY

Secretary of the Board of Education
of the County of Monroe

feb 18-2w

Certificate Of Publication

**THE MATTER OF THE BOARD OF EDUCATION OF MONROE COUNTY,
STATE OF WEST VIRGINIA
\$2,100,000
PUBLIC SCHOOL BONDS, SERIES 1999**

ATTORNEY GENERAL'S APPROVAL



Special meeting of the Board of Education of the County of Hampshire, State of West Virginia on the 30th day of December 1998, an order was adopted and entered of record and a vote to be taken of legal voters of the County of Monroe at a special election to be held on the 27th day of February 1999 upon all questions connected with the incurring of debt and the issuance of bonds in the aggregate principal amount of Two Million One Hundred Thousand Dollars (\$2,100,000), and levying taxes to pay the interest on and the principal of said bonds, the proceeds from the sale of such bonds to be used for the following purposes:

ST VIRGINIA

MONROE, S.S.:

DESCRIPTION	LOCATION	ESTIMATED COST
Pe Middle School Extension facilities and improve gymnasium, dressing room, classrooms including furniture and equipment as funds will allow.	Peterstown, WV	Bond Funds: \$593,092
Me Technical School Re-roofing with new 19,000 sq. ft. roofing.	Lindside, WV	Bond Funds: \$100,000
Jan High School Construction of Auxiliary Gymnasium including installation of hardwood floors and improve ventilation flow and other equipment.	Lindside, WV	Bond Funds: \$175,000
Mo Elementary/Middle School Provide furniture and furniture	Union, WV	Bond Funds: \$100,000
Bus Placement	Union, WV	Bond Funds: \$100,000
		Project Costs \$3,147,000 Costs of Issuance: 53,000 SBA Funds: (1,000,000) Local Funds: (100,000) Total Proposed Bond Call: \$2,100,000

Darrell V. McGraw, Jr., publisher of THE MONROE WATCHMAN, do hereby annexed advertisement of "Notice of Attorney General's Approval of Public School Bonds"

of the Monroe County Board of Education.

Two (2) consecutive weeks in THE MONROE WATCHMAN a newspaper published at Union, Monroe County, West Virginia beginning the 10th day of June 1999.

Under my hand this 22nd day of June 1999.

Darrell V. McGraw, Jr.
 Publisher

Under my hand this 22nd day of June 1999.

The Board of Education of the County of Monroe pursuant to the provisions of Chapter 13, Article 1 of the West Virginia Code of 1931, as amended, has caused to be transmitted to me copies of all pertinent orders, ordinances, proclamations, certificates of valuation, appraisements, affidavits, resolutions and records of all the proceedings connected with the proposed issue of such bonds, and I have examined the same. I find that the records so transmitted to me that with respect to the proposition of incurring bonds, as provided in said order, One Thousand Two Hundred Forty Five (1245) votes were cast for and One Thousand Sixty-Four (1064) votes were cast against the issuance of such bonds, so that a majority of the votes were cast for the proposition. Inasmuch as there has been substantial compliance with the law relating to the issuance of said bonds, I therefore approve the validity of such bond issue pursuant to the provisions of Chapter 13, Section 25, of the West Virginia Code of 1931 as amended.

DARRELL V. MCGRAW, JR.

Charleston, West Virginia
 June 3, 1999

June 10-2w

Deborah R. Niell
 Notary Public

Total cost of advertisement \$ 92.61

My commission expires on the 21 day of April 1999.

NOTARY PUBLIC STATE OF WEST VIRGINIA
 DEBORAH R. NIELL
 PO BOX 824
 UNION, WV 24983
 MY COMMISSION EXPIRES 04-21-2003



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

July 2, 1999

The Honorable Deborah L. McHenry, Clerk
West Virginia Supreme Court of Appeals
State Capitol, Room E-317
Charleston, West Virginia 25305

Re: The Board of Education of Monroe County,
\$2,100,000 Public School Bonds, Series 1999

Dear Ms. McHenry:

On June 3, 1999, 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 Monroe Watchman, as required by law, with the last publication date being June 17, 1999.

Please advise me as to whether any person or taxpayer within ten days from and after the date of the last publication of the above-referenced notices presented any petition to the Supreme Court of Appeals or to a Judge thereof in vacation, praying that the action of the Attorney General be reversed or modified as provided in West Virginia Code § 13-1-26.

Very truly yours,

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By:

Dawn E. Warfield

DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/sc
Enclosure



Supreme Court of Appeals

Office of the Clerk

Office of Counsel

1900 Kanawha Boulevard, East, State Capitol, Building 1, Room E-317, Charleston, WV 25305

www.state.wv.us/wvsc

CHIEF JUSTICE
Larry V. Starcher

CLERK
(304) 558-2601
Fax: (304) 558-3815

COUNSEL
(304) 558-6580
Fax: (304) 558-6045

MEDIATION
(304) 558-4282
Fax: (304) 558-6045

TTY LINE
(304) 558-4219
(Hearing Impaired)

CLERK
CHIEF COUNSEL
Deborah L. McHenry

DEPUTY CLERK
Rory L. Perry II

DEPUTY COUNSEL
Kathleen S. Gross
Thomas J. McQuain, Jr.
Trina L. Leone

JUSTICES
Margaret L. Workman
Robin Jean Davis
Elliott E. Maynard
Warren R. McGraw

July 7, 1999

Dawn E. Warfield, Esq.
Deputy Attorney General
Attorney General's Office
State Capitol Building
Charleston, West Virginia 25305

**Re: The Board of Education of the County of Monroe
\$2,100,000 Public School Bonds, Series 1999**

Dear Ms. Warfield:

As of this date, no person or taxpayer, within ten days from and after the date of last publication of notice of the above-referenced bond issue on June 17, 1999, 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,

Deborah L. McHenry
Clerk

DLM/llg

Copy
of
Advertisement

City and County of New York, ss.:-

Diane Leyson, being duly sworn, says that she is the Advertising Clerk 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 THE BOND BUYER on 7-1-99

Diane Leyson

Advertising Clerk

Subscribed and sworn to before me this

1st day of July

1999

Alicia Boyd

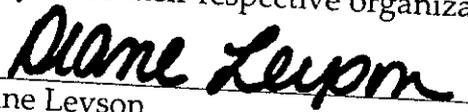
Notary Public, State of New York
No. 01BY4955198
Qualified in Kings County
Commission Expires August 28, 1999

**Bond Buyer Newspaper Municipal Disclosure Service
Official Confirmation of Notification**

Notification Date: July 1, 1999

<u>Firm</u>	<u>Date Received</u>	<u>Receiver</u>
Bloomberg	July 1, 1999	Municipal Department
Dow Jones	July 1, 1999	Linda Prospero
DPC Data	July 1, 1999	Peter Schmitt
DTC	July 1, 1999	Richard Lehman
Kenny	July 1, 1999	Mary Rose Sparber
MSRB	July 1, 1999	Lydia Hodgeson
Philadelphia Depository	July 1, 1999	Michael Santori
Standard & Poor's	July 1, 1999	William Cox
Thomson Municipal	July 1, 1999	Municipal Department

This notice hereby confirms that the above mentioned issue was sent to and received by the above mentioned employees of their respective organizations.



Diane Leyson
Authorized Bond Buyer Representative

Sworn to before me this 1st day of July, 1999



Alicia Byrd
Notary Public, State of New York
No. 01BY4955198
Qualified in Kings County
Commission Expires August 28, 1999

Prepared on July 1, 1999

SUMMARY NOTICE OF SALE

FLORIDA HOUSING FINANCE CORPORATION
\$12.75 HOUSING REVENUE BONDS, 1999 SERIES D-1 (TAX-EXEMPT)
\$2,600,000 HOUSING REVENUE BONDS, 1999 SERIES D-2 (TAXABLE)
(HAMPTON COURT APARTMENTS)

Sealed bids will be received in the office of Florida Housing Finance Corporation at the address given below up to such date and time as will be communicated through THOMPSON MUNICIPAL MARKET MONITOR not less than 20 hours prior to the time bids are to be opened. The first date on which the bonds may be sold is Tuesday, July 13, 1999.

Copies of the Preliminary Official Statement, the Notice of Bond Sale and the bid form may be obtained, when available, from the Chief Financial Officer, Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, telephone (850) 488-4197.

Tom Tinsley, Chief Financial Officer

Preliminary, subject to change.

SUMMARY NOTICE OF BOND SALE

\$2,100,000

The Board of Education of the County of Monroe
West Virginia
Public School Bonds, Series 1999

SEALED BIDS will be received on behalf of The Board of Education of the County of Monroe, West Virginia ("the Board") until 12:00 NOON (Eastern Daylight Time) on Thursday

July 8, 1999

at the office of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia, 25301, for the purchase when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of \$2,100,000. The Board of Education of the County of Monroe, West Virginia, "Public School Bonds, Series 1999, provided however, that the Board may change the date of sale to respond to market conditions. Muniacts notice will be given at least 24 hours prior to any change in the sale date. The Bonds are payable in June 1 in each year as follows:

Year	Principal Amount	Year	Principal Amount
2000	\$ 90,000	2008	\$145,000
2001	100,000	2009	150,000
2002	110,000	2010	160,000
2003	115,000	2011	165,000
2004	120,000	2012	175,000
2005	125,000	2013	185,000
2006	130,000	2014	195,000
2007	135,000		

The Bonds maturing after June 1, 2009 are subject to redemption prior to maturity 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 and interest thereon. The Bonds will be "qualified tax-exempt obligations". The approving opinion of Bowles Rice McDavid Graff & Love, 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 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, 170 Laidley Tower, Charleston, West Virginia 25301, Telephone (304) 345-3421.

By Order of the Board of Education
of the County of Monroe, West Virginia

June 24, 1999

Sealed Bids Invited

Continued from page 11

NEW YORK

Plainedge Union Free School District
\$7,000,000 (Exact)
 Sealed bids 2 pm EDST Jul 7.
 Tax Anticipation Notes (bank qualified) (book entry).
 Dated Jul 15, 1999.
 Due Jun 30, 2000.
 L.O.: Wilkie Farr & Gallagher, New York.
 Delivery on or about Jul 15, 1999.
 Financial Adviser: Munistat Services, Inc., Port Jefferson.

Washingtonville Central School District
\$3,686,000 (Exact)
 Sealed bids 11 am EDST Jul 8.
 Orange County, School District (Serial) Bonds, 1999 (bank qualified) (book entry).
 Dated Jul 15, 1999.
 Due Jun 15, 2000 to 2014.
 Callable Jun 15, 2008 at 101%, declining to par Jun 15, 2010.
 Paying Agent: District Clerk.
 L.O.: Wilkie Farr & Gallagher, New York.
 Delivery on or about Jul 20, 1999, in NYC; closing at Bond Counsel's office; payment in federal or other immed. available funds.
 Payment: Certified or cashier's check for \$73,720, payable to the District.
 Financial Adviser: Munistat Services, Inc., Port Jefferson.
 Advertisement appears today.

Official Report to The Bond Buyer

Continued on page 28

SUMMARY NOTICE OF SALE

\$3,890,000 SCHOOL BONDS
THE BOARD OF EDUCATION OF THE
BOROUGH OF KENILWORTH
IN THE COUNTY OF UNION, NEW JERSEY
(BANK QUALIFIED)
(BOOK-ENTRY ONLY BONDS)
(NON-CALLABLE)

SEALED PROPOSALS will be received by the undersigned Business Administrator/Board Secretary of the Board at the Board's offices in the Harding School, at 426 Boulevard, Kenilworth, New Jersey 07033 on **Tuesday, July 13, 1999** until 11:00 a.m. at which time they will be publicly opened and announced for the purchase of the following Bonds of the School District due on July 15 in each of the years as follows:

Year	Principal Amount	Year	Principal Amount
2000	\$195,000	2008	\$305,000
2001	200,000	2009	285,000
2002	195,000	2010	305,000
2003	210,000	2011	325,000
2004	225,000	2012	350,000
2005	240,000	2013	380,000
2006	260,000	2014	135,000
2007	280,000		

The Bonds will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year. Individual purchases of beneficial interests may be made in the principal amount of \$1,000, or any integral multiple thereof (with a minimum purchase of \$5,000 required), through book entries made on the books and records of DTC and its participants.

The Bonds are not subject to redemption prior to their stated maturities. The Bonds will be dated July 1, 1999 and will bear interest from that date at the rate or rates per annum specified by the successful bidder therefor in accordance with the full Notice of Sale, payable on January 15, 2000 and semi-annually thereafter on the fifteenth day of July and January in each year until maturity.

Each proposal submitted must specify the rate or rates of interest per annum to be borne by the Bonds and the rate or rates named shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percentum (1%) and the price the bidders will pay, which shall be not less than \$3,890,000 nor more than \$3,891,000. The Bonds shall be awarded to the bidder on whose bid the total loan may be made at the lowest net interest cost, in accordance with the full Notice of Sale. The purchaser must also pay an amount equal to the interest on the Bonds accrued from the dated date of the Bonds to the date of payment of the purchase price of the Bonds.

Each bidder is required to deposit a certified, treasurer's or cashier's check payable to the order of THE BOARD OF EDUCATION OF THE BOROUGH OF KENILWORTH IN THE COUNTY OF UNION, NEW JERSEY in the amount of \$77,800 drawn upon a bank or trust company, and such check must be enclosed with the proposal.

The full Notice of Sale, copies of the resolution authorizing the sale of the Bonds and additional copies of the Preliminary Official Statement concerning the sale of the Bonds will be supplied to prospective bidders upon request made to Vincent A. Gonnella, Business Administrator/Board Secretary, The Board of Education of the Borough of Kenilworth, 426 Boulevard, Kenilworth, New Jersey 07033 or by telephone at (908) 276-1644, or to Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095 at (732) 855-6459.

/s/ Vincent A. Gonnella
VINCENT A. GONNELLA,

Business Administrator/Board Secretary

DATED: July 1, 1999

Share our Corner of the Market.
 Advertise in

The
Bond
Buyer

For more information call:
 (212) 803 - 8261

Certificate Of Publication



STATE OF WEST VIRGINIA
COUNTY OF MONROE, S.S.:

I, ^{Dale P.} ~~H.~~ Mohler, publisher of THE MONROE WATCHMAN, do
certify that the annexed advertisement of.....
"Notice of Public School Bonds Sale".....
.....
in the case (matter) of Monroe County Board of Educati

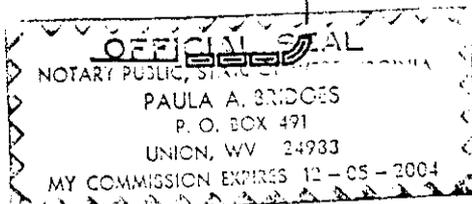
Vs.
.....
was published Two (2) consecutive weeks in THE MONROE
WATCHMAN, a newspaper published at Union, Monroe County, West
Virginia, beginning the 24th day of June 1999.

Given under my hand this 1st day of July 1999.

Dale P. Mohler
Publisher

Given under my hand this 1st day of July 1999.

Paula A. Bridges
Notary Public



Total cost of advertisement
\$ 352.19

My commission expires on the 5th day of Dec.

to 2004

PUBLIC NOTICES

Your Right to Know

OFFICIAL NOTICE OF SALE

\$2,100,000

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, WEST VIRGINIA SCHOOL BONDS, SERIES 1999

Proposals will be received on behalf of the Board of Education of the County of Monroe, West Virginia (the "Board"), at the offices of Ferris Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on July 8, 1999, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the \$2,100,000 Public School Bonds, Series 1999 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Muni facts notice will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on June 1 in the years and in the amounts as follows:

Year	Amount	Year	Amount
2000	\$90,000	2008	\$145,000
2001	\$100,000	2009	\$150,000
2002	\$110,000	2010	\$160,000
2003	\$115,000	2011	\$165,000
2004	\$120,000	2012	\$175,000
2005	\$125,000	2013	\$185,000
2006	\$130,000	2014	\$195,000
2007	\$135,000		

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monroe 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 July 1, 1999, 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 National Bank, Charleston, West Virginia, as the Registrar.

Period During Which Redeemed, Redemption Price

June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

Interest on the Bonds will accrue from July 1, 1999, and will be payable December 1, 1999, and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Lyn Guy, Superintendent of Schools of the County of Monroe, 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 \$2,100,000) and must state in multiples of 1/8 of 1% the rates of interest per

- (a) any interest rate which is in excess of 7% per annum, (b) more than one interest rate for any Bonds having like maturity, or (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), or (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all

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 Monroe, West Virginia." The Bonds will be delivered on or about July 22, 1999, 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 Bowles Rice McDavid Graff & Love, 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 is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as *Fauley 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 Monroe County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the Sale of the Bonds and at all time subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) an arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefore, 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

days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds. The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefore shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Ms. Guy, Superintendent, Monroe County Board of Education, PO Box 330, Union, WV 24983 (telephone 304/772-3094) or from Ferris Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: /s/ Lyn Guy jun24-2w

interest accrued to the date fixed for redemption.

Period During Which Redeemed	Redemption Price
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

resuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal 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 the Paying Agent for payment of the Bonds and United National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from July 1, 1999, and will be payable December 1, 1999; and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal 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 or subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to the County Superintendent of Schools of the County of Monroe, 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 \$2,100,000) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must not state (a) any interest rate which is in excess of 7% per annum, (b) more than one interest rate for any Bonds having like maturity, or (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), or (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds (\$42,000), payable to the order of The Board of Education of Monroe County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed, and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as part payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

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 \$42,000 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 County 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 County \$42,000 in immediately available funds not later than 12:00 noon (West Virginia time) on the next business date succeeding the date of award of the Bonds. In the event that the County has not received such federal funds wire by the time stated, the County 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 July 1, 1999, 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.

Statement in final form and as of it not contain any untrue statement of fact or omit to state any material fact or omit to state any material fact necessary to make the statements in light of the circumstances under which they were made, not misleading; an arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code (the "Code"), and the following: (a) take all actions necessary to cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting to the extent necessary, on investments made with the proceeds of the Bonds, and investment earnings thereon, required payments to the government, if any, and maintaining such records in a special manner 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 for certain specified purposes. The Board also bears the signed approval of the General of West Virginia to the effect that the Bonds are binding obligations of the State and are incontestable.

Within seven (7) business days after the date of the sale, the Board, by its President, will authorize the date of its Official Statement, which is expected to be in the form of the Preliminary Official Statement referred to in the Official Statement. The Preliminary Official Statement is final by the Board for the purpose of 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 supplemental amendment to the Official Statement if necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished by the Board in writing by the successful bidder or before the close of business on the date of the sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds as may be so furnished. If information is furnished by the successful bidder, the Official Statement will include interest rates on the Bonds resulting from the bid of the successful bidder and the statements with respect to the information contained in the Preliminary Official Statement. Whether or not any information is included in the Official Statement, the successful bidder is responsible to the Board and its officials for the accuracy, fairness, completeness of such information, and decisions made with respect to the omission of such information in the reoffering of the Bonds, including presentation or exclusion of any information in any documents, including the Official Statement. Within seven (7) b

APPENDIX F

**OFFICIAL NOTICE OF SALE
\$2,100,000
THE BOARD OF EDUCATION
OF THE
COUNTY OF MONROE, WEST VIRGINIA
PUBLIC SCHOOL BONDS, SERIES 1999**

Sealed proposals will be received on behalf of The Board of Education of the County of Monroe, (West Virginia) (the "Board"), at the offices of Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301, until 12:00 noon, Eastern Daylight Time on July 8, 1999, at which place and time they will be publicly opened and announced, for the purchase of all, but not less than all, of the \$2,100,000 Public School Bonds, Series 1999 (the "Bonds") of the Board, provided however, that the Board may change the date of sale to respond to market conditions. Munifacts notice will be given at least twenty-four hours prior to any change in the sale date. The Bonds will mature on June 1 in the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2000	90,000	2008	145,000
2001	100,000	2009	150,000
2002	110,000	2010	160,000
2003	115,000	2011	165,000
2004	120,000	2012	175,000
2005	125,000	2013	185,000
2006	130,000	2014	195,000
2007	135,000		

The Bonds are general obligations of the Board and the full faith and credit of the Board is pledged for payment of the principal of and interest thereon. All the taxable property in Monroe 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 July 1, 1999, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

At the option of the Board, the 1999 Bonds will be subject to redemption prior to maturity on or after June 1, 2009, as a whole at any time and in part on any interest payment

date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2009 through May 31, 2010	102%
June 1, 2010 through May 31, 2011	101%
June 1, 2011 and thereafter	100%

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Bonds are payable at the office of the West Virginia State 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 National Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from July 1, 1999, and will be payable December 1, 1999, and semiannually thereafter (each June 1 and December 1) in each year until maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Bonds.

Proposals for the purchase of the Bonds are required to be on the Official Form of Proposal supplied by the Board. Each proposal must be enclosed in a sealed envelope, addressed to Lyn Guy, Superintendent of Schools of the County of Monroe, 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 \$2,100,000) and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Bonds are to bear, but must not state (a) any interest rate which is in excess of 7% per annum, (b) more than one interest rate for any Bonds having like maturity, or (c) any interest rate for Bonds which exceeds the interest rate stated in such proposal for any other Bonds by more than two percent (2%), or (d) rates in descending order. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The repetition of a rate will not be considered a different rate.

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. Each proposal must be accompanied by a good faith deposit in the form of a certified or cashier's check or bank draft drawn on a solvent bank or trust company for 2% of the par value of the Bonds (\$42,000), payable to the order of The Board of Education of Monroe County. When the successful bidder has been ascertained, the Board will return to the unsuccessful bidders their good faith deposits. The good faith deposit of the successful bidder will be cashed and may be invested with interest accruing to the benefit of the Board. The principal amount of the good faith deposit of the successful bidder will be applied as part payment for the Bonds or as security for the performance of such proposal and as liquidated damages in the event the successful bidder fails to accept and pay for the Bonds.

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 \$42,000 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 County 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 County \$42,000 in immediately available funds not later than 12:00 noon (West Virginia time) on the next business date succeeding the date of award of the Bonds. In the event that the County has not received such federal funds wire by the time stated, the County 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 July 1, 1999, 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 Monroe, West Virginia". The Bonds will be delivered on or about July 22, 1999, 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 Bowles Rice McDavid Graff & Love, 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 is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Said opinion shall also contain further statements to the effect that (a) said Bond Counsel has considered litigation in certain states, including the State of West Virginia, such as Pauley v. Bailey, challenging the constitutionality of present systems of levying taxes and applying funds for public school purposes and that, in their opinion, such litigation will not modify the rights of the holders of the Bonds to ultimate recourse to unlimited ad valorem taxes upon all the taxable property within Monroe County, West Virginia, for payment of the Bonds if not paid from other sources and does not modify or qualify the conclusions elsewhere stated in such approving opinion; and (b) the enforceability of rights or remedies with respect to the Bonds may be limited

by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the bonds, including (i) a certificate dated the date of delivery of the Bonds, stating that there is no litigation pending or threatened affecting the validity of the Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, (ii) a certificate dated the date of delivery of the Bonds, of the President and Secretary of the Board, to the effect that at the time of the Sale of the Bonds and at all time subsequent thereto up to and including the time of delivery of the Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) an arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes. The Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Bonds are binding obligations of the Board and are incontestable.

Within seven (7) business days after the award of the Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for

all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Board a certificate acceptable to Bond Counsel stating (i) the reoffering prices, expressed as a percentage of par, to the public of each maturity of the Bonds (the "Reoffering Prices"); (ii) that the successful bidder has made a bona fide public offering of the Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds. The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

Copies of the Official Statement concerning the Bonds and the Official Form of Proposal relating to the Bonds may be secured from Ms. Guy, Superintendent, Monroe County Board of Education, PO Box 330, Union, WV 24983 (telephone 304/772-3094) or from Ferris, Baker Watts, Incorporated, 170 Laidley Tower, Charleston, West Virginia 25301 (telephone 304/345-3421).

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: /s/ Lyn Guy

Secretary, The Board of Education of the County of Monroe

DATE: June 24, 1999

OFFICIAL FORM OF PROPOSAL

July 8, 1999

Ms. Guy, Superintendent
 The Board of Education of
 the County of Monroe, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Madam:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated June 24, 1999, which are hereby made part of this bid, we offer to purchase all of the \$2,100,000 The Board of Education of the County of Monroe, (West Virginia), Public School Bonds, Series 1999, described in said Official Notice of Sale, for the price of \$2,100,000 plus a premium of \$_____ plus accrued interest from July 1, 1999, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	\$ 90,000	%	2008	\$145,000	%
2001	100,000		2009	150,000	
2002	110,000		2010	160,000	
2003	115,000		2011	165,000	
2004	120,000		2012	175,000	
2005	125,000		2013	185,000	
2006	130,000		2014	195,000	
2007	135,000				

Enclosed is 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 Monroe, (West Virginia), for \$42,000, which check is to be returned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

Name of Bidder

By:

The foregoing proposal is hereby accepted this ____ day of ____, 1999.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: _____

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	\$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	_____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

OFFICIAL FORM OF PROPOSAL

July 8, 1999

Ms. Guy, Superintendent
 The Board of Education of
 the County of Monroe, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Madam:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated June 24, 1999, which are hereby made part of this bid, we offer to purchase all of the \$2,100,000 The Board of Education of the County of Monroe, (West Virginia), Public School Bonds, Series 1999, described in said Official Notice of Sale, for the price of \$2,100,000 plus a premium of \$_____ plus accrued interest from July 1, 1999, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>		<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	\$ 90,000	%		2008	\$145,000	%
2001	100,000			2009	150,000	
2002	110,000			2010	160,000	
2003	115,000			2011	165,000	
2004	120,000			2012	175,000	
2005	125,000			2013	185,000	
2006	130,000			2014	195,000	
2007	135,000					

Enclosed is 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 Monroe, (West Virginia), for \$42,000, which check is to be returned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

Name of Bidder
 By: _____

The foregoing proposal is hereby accepted this ____ day of ____, 1999.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: _____

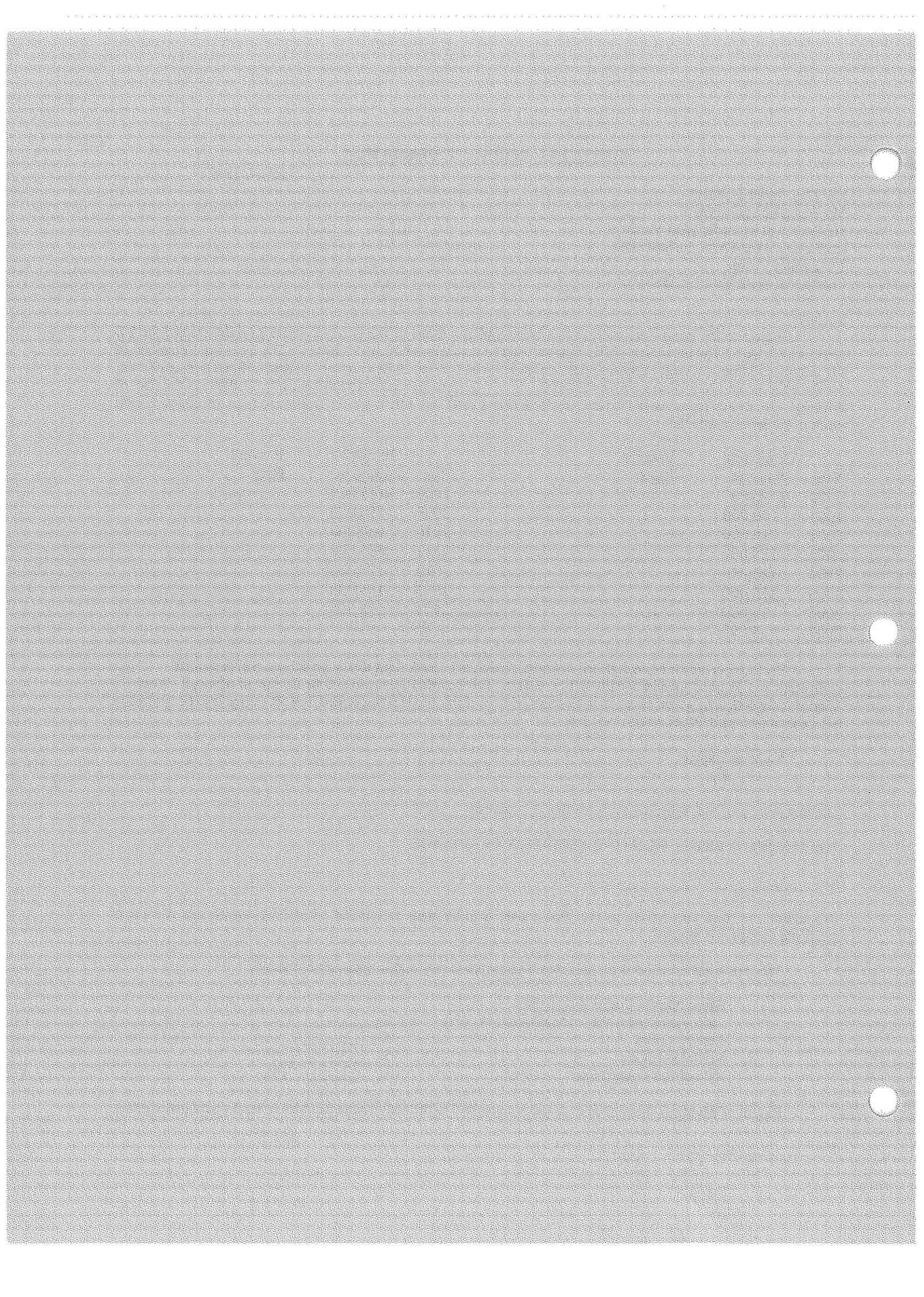
(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ _____
Less Premium	\$ _____
Net Interest Cost	\$ _____
Rate of Net Interest Cost	_____ %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____



OFFICIAL FORM OF PROPOSAL

July 8, 1999

Ms. Guy, Superintendent
 The Board of Education of
 the County of Monroe, West Virginia
 c/o Ferris, Baker Watts, Incorporated
 170 Laidley Tower
 Charleston, West Virginia 25301

Madam:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated June 24, 1999, which are hereby made part of this bid, we offer to purchase all of the \$2,100,000 The Board of Education of the County of Monroe, (West Virginia), Public School Bonds, Series 1999, described in said Official Notice of Sale, for the price of \$2,100,000 plus a premium of \$ 3.65 plus accrued interest from July 1, 1999, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2000	\$ 90,000	4.625%	2008	\$145,000	4.75%
2001	100,000	4.75%	2009	150,000	4.75%
2002	110,000	4.75%	2010	160,000	4.75%
2003	115,000	4.75%	2011	165,000	4.75%
2004	120,000	4.75%	2012	175,000	4.75%
2005	125,000	4.75%	2013	185,000	4.75%
2006	130,000	4.75%	2014	195,000	4.80%
2007	135,000	4.75%			

Enclosed is 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 Monroe, (West Virginia), for \$42,000, which check is to be returned to us if this bid is not accepted, but otherwise is to be applied in accordance with said Official Notice of Sale.

Name of Bidder **FIRST UNION CAPITAL MARKETS**

By: William A. Albright

The foregoing proposal is hereby accepted this ___ day of ___, 1999.

THE BOARD OF EDUCATION OF THE COUNTY OF MONROE

By: Lyn Guy

(No addition or alteration, except as provided above, is to be made to this bid. It will be appreciated if a list of syndicate members is attached.)

The following is included for informational purposes only and is not a part of the bid:

Gross Interest Cost (Computed in accordance with the Official Notice of Sale)	\$ <u>883,901.25</u>
Less Premium	\$ <u>3.65</u>
Net Interest Cost	\$ <u>883,897.60</u>
Rate of Net Interest Cost	<u>4.7572</u> %

Return of the check mentioned in the above proposal to the above named bidder is hereby acknowledged.

By: _____

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 1st day of July, 1999, by and between THE BOARD OF EDUCATION OF THE COUNTY OF MONROE, the governing body of the Monroe County School District, a public school district of the State of West Virginia (the "Issuer"), and UNITED NATIONAL BANK, Charleston, West Virginia, a state banking corporation (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$2,100,000 aggregate principal amount of Public School Bonds, Series 1999, in fully registered form (the "Bonds"), pursuant to a Resolution and Order adopted March 18, 1999 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar and a Paying Agent for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.
2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.
3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer and the Registrar shall be fully indemnified and held harmless by the Issuer for any claims against Registrar as a result of the Registrar's following the directions of the Issuer.
4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.
5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution the terms of the Resolution shall govern.



State of West Virginia

OFFICE OF THE STATE TREASURER
CHARLESTON, WV 25305

JOHN D. PERDUE
STATE TREASURER

JERRY SIMPSON
ASSISTANT STATE TREASURER

1-800-422-7498
304-558-5000
FAX 304-558-4097
WWW.WVTREASURY.COM

May 13, 1999

Ms. Marie Prezioso
Senior Vice President
Ferris, Baker Watts, Inc.
170 Laidley Tower
Charleston, West Virginia 25301

RE: \$2,100,000 The Board of Education
County of Monroe (West Virginia),
Public School Bonds, Srs. 1999

Dear Ms. Prezioso:

Please be advised that in conjunction with the above captioned bond issue, United National Bank, Charleston, WV, is hereby designated as registrar. Also, please be advised that the West Virginia Municipal Bond Commission is hereby designated as paying agent.

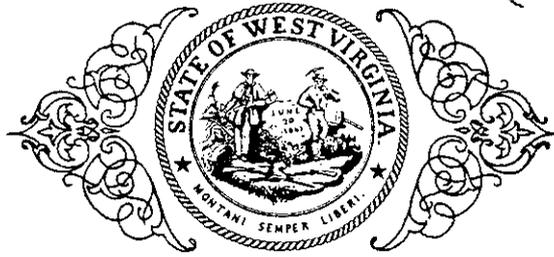
If there are any questions concerning this designation, please feel free to contact me at (304) 558-5000.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Perdue".

John D. Perdue
Treasurer

State of West Virginia



Certificate

I, Ken Hechler, 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 1999 CUMULATIVE 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 this
Twenty-one day of
July 19 99

Ken Hechler
Secretary of State

by Wm. H. Hays
Chil & Still

disclose the nature and extent of such interest and the date of his or her acquisition thereof, which disclosure shall be publicly acknowledged by the board and entered upon the minutes of the board. If a member of the board or officer, agent or employee thereof holds such an interest, he or she shall refrain from any further involvement on behalf of the board in regard to such contract or agreement, from voting on any matter pertaining to such contract or agreement, and from communicating with other members of the board or its officers, agents and employees concerning said contract or agreement. Notwithstanding any other provision of law, any contract or agreement entered into in conformity with this subsection shall not be void or invalid by reason of the interest described in this subsection, nor shall any person so disclosing the interest and refraining from further official involvement as provided in this subsection be guilty of an offense, be removed from office or be subject to any other penalty or legal disability on account of such interest.

(c) Any contract or agreement made in violation of subsection (a) or (b) of this section shall be null and void and shall give rise to no civil or criminal action against the board or any member thereof. (1992, c. 33.)

§ 12-7-16. Credit of state not pledged.

No provisions of this article shall be construed to authorize the jobs investment trust board at any time or in any manner to pledge the credit or taxing power of the state, nor shall any of the obligations or debts created by the jobs investment trust board under the authority herein granted be deemed to be obligations of the state. (1992, c. 33.)

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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| <p>13-1-1. Political divisions authorized to issue and self bonds.</p> <p>13-1-1a. Exemption from interest rate ceilings.</p> <p>13-1-2. Purposes for which bonds may be issued.</p> <p>13-1-3. Amount and purpose of indebtedness for which bonds may be issued.</p> <p>13-1-4. Bond issue proposal to be submitted to voters; election order.</p> <p>13-1-5. Engineer's estimate.</p> <p>13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.</p> <p>13-1-6a. When proceeds of bond issue specified for one project may be used for another project.</p> <p>13-1-7. When election to be held.</p> <p>13-1-8. Publication of notice of election.</p> <p>13-1-9. Registration of voters.</p> <p>13-1-10. Election precincts.</p> <p>13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.</p> <p>13-1-12. Form of ballot.</p> <p>13-1-13. Time and manner of canvassing returns.</p> | <p>Sec. 13-1-14. Resolution authorizing issuance and fixing terms of bonds.</p> <p>13-1-15. Bonds to be payable in annual installments.</p> <p>13-1-15a. Bonds may be subject to redemption.</p> <p>13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.</p> <p>13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.</p> <p>13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.</p> <p>13-1-19. Signing, sealing and delivery of bonds and coupons.</p> <p>13-1-20. Imposition and collection of tax to pay bonds and interest.</p> <p>13-1-21. Advertisement and sale of bonds.</p> <p>13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.</p> <p>13-1-23. No law, order, ordinance, resolution, proceeding or publication necessary.</p> |
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- Sec. 13-1-24. Legal status of bonds.
 13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.
 13-1-26. Review in supreme court of appeals of action of attorney general.
 13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.
 13-1-28. Indorsement on bonds by attorney general.
 13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.
 13-1-30. Files and records to be kept by attorney general.

Michie's Jurisprudence. — For comprehensive treatment of power of municipalities to incur and pay debts, borrow money and issue bonds, see 13B M.J., Municipal Corporations. As to power of counties to do likewise, see 5A M.J., Counties.
W. Va. Law Review. — For note, "Municipal

Bonds — The Need for Disclosure," see 78 W. Va. L. Rev. 391 (1976).
 "Survey of Developments in West Virginia Law," 1985, 88 W. Va. L. Rev. 443 (1985).
This article was not repealed by § 11-8-1 et seq., Walker v. City of Charleston, 116 W. Va. 645, 182 S.E. 766 (1935).

§ 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. Atty 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. Horns v. Adams*, 154 W. Va. 269, 175 S.E.2d 193 (1970).

§ 13-1-1a. Exemption from interest rate ceilings.

Notwithstanding any other provision in this Code to the contrary, any municipality, county or state agency shall be free of interest rate restrictions when obtaining loans from the farmers home administration, housing and urban development and the economic development authority where such loans are made from federal moneys and are made for public projects. It is the intention of the legislature that the political subdivisions of this State take maximum possible advantage of federal programs and financing alternatives where such would be in the best interests of this State. (1982, c. 93.)

§ 13-1-2. Purposes for which bonds may be issued.

Debt may be incurred and bonds issued under this article for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking, or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work, improvement or department, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters, or for other similar corporate purpose, for which the political division is authorized to levy taxes or expend public money. But no bonds shall be issued for the purpose of providing funds for the current expenses of any body or political division. Interest accruing during the construction period, that is to say, the time when an improvement is under construction and six months thereafter, shall be deemed a part of the cost of the improvement, and shall not be deemed current expenses. All engineering and inspection costs, including a proper proportion of the compensation, salaries and expenses of the engineering staff of the political division properly chargeable to any work or improvements, as determined by the governing body, or the estimated amount of such costs, shall be deemed part of the cost of an improvement. All costs and estimated costs of the issuance of bonds shall be deemed a part of the cost of the work or improvement, or of the property, or of the carrying out of the purposes for which such bonds are to be issued. The power to acquire or construct any building, work or improvement as herein provided shall be deemed to include the power to acquire the necessary lands, sites and rights-of-way therefor.

Bonds may also be issued by any municipality having a population of fifty thousand or more or by any county for the purpose of acquiring land and constructing a building or buildings for use and occupancy as a college. The proposal for such a bond issue shall contain a provision that there shall be created a commission or committee for the purpose of operating the building or buildings and for renting the same for an amount sufficient to pay the interest and sinking fund on the bonds proposed to be issued, and shall contain a further provision that in the event a sufficient amount is not realized from rent or rents for the purpose of meeting the debt service, then the city or county shall lay a levy for such purpose in an amount sufficient within the constitu-

tional and statutory limitation to pay the interest and principal on such bonds as the same become due and payable. The proposal may also contain a provision that when the bonds and the interest thereon shall have been paid, then the title to the land and the building or buildings situated thereon may be transferred to the college to which the same have been rented. (1923, c. 14, § 2; 1941, c. 8; 1945, c. 17; 1974, c. 8.)

Cross references. — Political divisions authorized to issue and sell bonds, § 13-1-1. Amount of the indebtedness for which bonds may be issued, § 13-1-3 and note thereto. Purposes for which proceeds to be used, § 13-1-22.

Editor's notes. — Acts 1911, c. 38, § 25a, authorizing the bonding of a magisterial district for the construction of roads therein, did not contemplate bridges over large streams as a part of public roads; and it was held that an issue of magisterial district bonds under Acts 1911, c. 38, § 25a, not solely for the construction of roads in the district, but largely for the construction or purchase of bridges therein exceeding five feet in length, was illegal and void. See Hedrick v. County Court, 71 W. Va. 732, 77 S.E. 359 (1913).

In general. — It was said in the case of *Platzgraf 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 implicitly repeal Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein.

Bonds must be for municipal uses. — Under Acts 1872, c. 141, § 1, which has been superseded and in some respects modified radically by this section, it was held that it was not the intention of the legislature to authorize and empower cities, towns, or municipal corporations to issue bonds for purposes other than municipal or corporate uses. *Ohio Valley Iron Works v. Town of Moundsville*, 11 W. Va. 1 (1877).

Section specifically authorizes the use of bond proceeds to pay any interest accruing during construction or six months thereafter. *Op. Atty 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

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 reimpaving 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 such constitutional tax limitation, c. 11, art. 8. Certain bond issues to which this section is inapplicable, § 11-8-16.

Editor's notes. — As to the designation of county courts as county commissions, see *W. Va. Const.*, art. IX, § 9.

Constitutionality. — A similar act, Acts 1905, c. 51, limiting the indebtedness of counties, cities, school districts and municipal corporations to two and one-half percent of the assessed value of the taxable property therein was held not to be in conflict with *W. Va. Const.*, art. X, § 8. *Platzgraf 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 606 (1947).
Cited in *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-4. Bond issue proposal to be submitted to voters; election order.

No debt shall be contracted or bonds issued under this article until all questions connected with the same shall have been first submitted to a vote of the qualified electors of the political division for which the bonds are to be issued, and shall have received three fifths of all the votes cast for and against the same. The governing body of any political division referred to in this article may, and when requested so to do by a petition in writing, praying that bonds be issued and stating the purpose and amount thereof, signed by legal voters of the political division equal to twenty percent of the votes cast in a county or magisterial district for governor, or in a municipal corporation or school district for mayor or members of the board of education, as the case may be, shall, by order entered of record, direct that an election be held for the purpose of submitting to the voters of the political division all questions connected with the contracting of debt and the issuing of bonds. Such order shall state:

- (a) The necessity for issuing the bonds, or, if a petition has been filed as provided herein, that such petition has been filed;
- (b) If for the construction of a county-district road or bridge thereon, a summary of the engineer's report provided for in the following section [§ 13-1-5] setting forth the approximate extent and the estimated cost of the proposed improvement, and the kind or class of work to be done thereon;
- (c) Purpose or purposes for which the proceeds of bonds are to be expended;
- (d) Valuation of the taxable property as shown by the last assessment thereof for state and county purposes;
- (e) Indebtedness, bonded or otherwise;
- (f) Amount of the proposed bond issue;
- (g) Maximum term of bonds and series;
- (h) Maximum rate of interest;
- (i) Date of election;
- (j) If a special election, names of commissioners for holding same;
- (k) If registration of voters is necessary, notice of the time, place and manner of making same;

(l) That the levying body is authorized to lay a sufficient levy annually to provide funds for the payment of the interest upon the bonds and the principal at maturity, and the approximate rate of levy necessary for this purpose;

(m) In the case of school bonds, that such bonds, together with all existing bonded indebtedness, will not exceed in the aggregate five percent of the value of the taxable property in such school district ascertained in accordance with section 8, article X of the Constitution; and that such bonds will be payable from a direct annual tax levied and collected in each year on all taxable property in such school district sufficient to pay the principal and the interest maturing on such bonds in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, which tax levies will be laid separate and apart and in addition to the maximum rates provided for tax levies by school districts on the several classes of property in section 1, article X of the Constitution, but in the same proportions as such maximum rates are

levied on the several classes of property; and said tax may be levied outside the limits fixed by section 1, article X of the Constitution.

Any other provision of public policy, may be incorporated in the order. (1923, c. 14, § 4; 1951, c. 153; 1959, c. 132.)

Cross references. — Certain bond issues to which this section is inapplicable, § 11-8-16. **ALR references.** — Statute requiring or authorizing judicial or administrative approval before issuance or sale of municipal bonds, 87 ALR 706; 102 ALR 90.

Kind or type of contractual obligation within term "bonds" in statute validating or legalizing obligations of municipalities or other public bodies, 128 ALR 1411.

Constitutionality. — That West Virginia has adopted a rule of decision in *W. Va. Const., art. X, §§ 1 and 8*, and in this section, § 13-1-14 and § 11-8-16, applicable to all bond referenda and increases in taxes; by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

The supreme court of the United States in *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional *W. Va. Const., art. X, §§ 1 and 8*, and § 11-8-16; this section, and § 13-1-14, because violative of the equal protection clause of the Constitution of the United States. *State ex rel. Heavener v. Perry*, 155 W. Va. 353, 184 S.E.2d 136 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax increases for any purpose, whether for schools, sewers, or highways. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

This section is clear and unambiguous. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Section mandatory. — This section, which provides, inter alia, that a city council, when requested by petition signed by legal voters as provided therein, shall direct that an election be held to determine all questions connected with the contracting of debt and the issuing of bonds, is mandatory, and, upon the refusal by a city council to comply with those mandatory terms, where all the provisions of the statute have been complied with, mandamus lies to compel the calling of such election and the submission of such question. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where a valid petition is submitted to a city council in a proper case, that body has a mandatory duty to submit the question to the voters of the city in accordance with the provisions of this section. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus. — Mandamus is the proper remedy to compel a city council to submit a question to the voters where the law provides for such submission and council refused to do so. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

When the requisite number of signatures is contained upon a valid petition, mandamus will lie to compel the council to submit the question to the voters at an election where the council has refused to adopt the ordinance or submit the question to the voters of the municipality. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Mandamus will lie to require a city council, upon the filing of a proper petition, to submit the question to the voters of the city, and even though the ordinance, if passed, would carry with it fatal infirmities, it would go into operation, if adopted, and become legally advantageous to the relators in mandamus. *State ex rel. Elliott v. Adams*, 155 W. Va. 110, 181 S.E.2d 276 (1971).

Where petitioners file a petition before a city council requesting that the council undertake procedure to submit a bond issue to a vote of the people in accordance with a provision of a city charter and the council fails to give petitioners the relief sought under the charter provisions, such petitioners cannot by mandamus proceeding later force the council to proceed in accordance with an initiative provision of a general state law with which the council was not in the beginning asked by proper petition to comply. In such a situation, there is not a clear legal right to the issuance of a writ. *State ex rel. Horne v. Adams*, 154 W. Va. 269, 175 S.E.2d 193 (1970).

Refunding bonds. — The rule that refunding bonds do not create a new debt and, therefore, may be issued without voter approval under *W. Va. Const., Art. X, §§ 8, 10*, is subject to certain qualifications: First, the amount of refunding bonds cannot increase the total indebtedness authorized by the voters on the original bond issue; secondly, refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue, and thirdly, the aggregate of the princi-

pal and interest payments made on the original bonds prior to their refunding, when added to the amounts to be paid on the refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed the original indebtedness authorized by the voters. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Valuation for bond levy purposes. — It is apparent from this section that the special bond levy is set annually based upon the current year's appraised values. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985). This article contemplates general obligation bonds. 46 Op. Atty Gen. 337 (1956).

Hence, authority to issue revenue bonds cannot be given by affirmative vote. — Authority of the county court (now county commission) to issue revenue bonds for the construction of an armory cannot be given by an affirmative vote of the voters of the county; such authority can only be given by appropriate legislative action. 46 Op. Atty Gen. 337 (1956).

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 subtracting 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. *Castle 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

§ 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.

in the proposed issue submitted to voters and the completion of which would require the proper expenditure of the entire principal amount of the proposed issue. *State ex rel. County Court v. Partlow*, 130 W. Va. 777, 45 S.E.2d 506 (1947).

The requirement that voters be correctly advised as to all existing indebtedness is mandatory and calls for the utmost good faith in its compliance on the part of the county court (now county commission). *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Under this section, the failure of a county court (now county commission) to include in its order calling an election to vote on a proposed issue of county bonds, a statement of the amount of an existing overdraft in the county fund, not provided for out of the levies of the current fiscal year, renders void the election held thereunder, and the issue of bonds attempted to be authorized thereby. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Order submitting bond issue must state approximate rate of levy needed for sinking fund requirements. — This section requires that an order submitting the approval or disapproval of a bond issue to a vote of the people state the approximate rate of levy necessary to meet the sinking fund requirements, and this rate of levy must be substantially complied with. *Baxa v. Partlow*, 132 W. Va. 859, 54 S.E.2d 825 (1949).

The rates of levy adopted by the people at a bond election are binding and where a subsequent order expressly provided that this rate could be exceeded, the provision in the order was invalid and of no effect. *Baxa v. Partlow*, 132 W. Va. 859, 54 S.E.2d 825 (1949). Stated in *APCO v. County Court*, 146 W. Va. 118, 118 S.E.2d 531 (1961).

Checked in *State ex rel. Todd v. Steen*, 106 W. Va. 325, 145 S.E. 602 (1928).

§ 13-1-6. Bonds may be specified for more than one purpose; single or general purpose defined.

The order or ordinance submitting the proposition of issuing bonds to a vote may specify more than one purpose for which bonds are to be issued. Provided, That the amount of the proceeds of the issue to be used for each purpose shall also be specified therein: Provided further, That all expenditures, including but not limited to expenditures for the acquisition of sites, the construction, erection, equipping and furnishing of one or more buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, and the relocation, alteration, renovation or enlargement of any existing buildings, structures, improvements or facilities, or group of buildings, structures, improvements or facilities, for the same general purpose shall be construed to be a single purpose within the meaning of this section. It shall not be necessary to specify in the order or ordinance submitting the proposition the amount of the proceeds of such bond issue to be used for each such site, building, structure, improvement or facility, or group of buildings, structures, improvements or facilities, which are a part of the same general purpose and it shall be sufficient compliance with this section if such order or ordinance state only the general purposes for which bonds are to be issued and the amount of the proceeds of such issue to be used for each such general purpose. (1923, c. 14, § 6; 1965, c. 125.)

Amounts for several projects must be specified. — A city bond issue for different projects cannot be sustained unless the ordinance which submitted the proposed issue to a vote of the people clearly specified the amounts to be used for the several projects, respectively. *State ex rel. Javenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938).

And substantial variance invalidates issue. — In the submission to a vote of the people of a proposed bond issue embracing several municipal projects, the amounts specified in the ordinance for the projects, respectively, shall also be set forth in the ballot, and a substantial variance will invalidate the issue. *State ex rel. Davenport v. Meadows*, 120 W. Va. 602, 199 S.E. 883 (1938); *Jarrell v. Board of Educ.*, 131 W. Va. 702, 50 S.E.2d 442 (1946).

Diversion of funds prohibited. — A city may not use the balance of \$500,000 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. Atty Gen. 33 (1956).

Only one purpose was contemplated by county court (now county commission) where it had in mind to "reestablish, acquire and construct an airport..." and to submit to the voters the question of issuing bonds. Hence, it was not a case coming within the requirements of this section. *Sessler v. Partlow*, 126 W. Va. 232, 27 S.E.2d 829 (1943).

§ 13-1-6a. When proceeds of bond issue specified for one project may be used for another project.

If the order or ordinance submitting the proposition of issuing bonds to a vote specifies several projects within the same general purpose and the amount of the proceeds of such issue to be used for each project and for any reason one or more of said projects cannot be constructed, carried out, or completed, the amount of money specified for such projects and any sums remaining unused upon completion of any one of the specified projects may be allocated by the governing body in its discretion to and expended for any one or more of the

remaining projects specified in said order or ordinance if said order or ordinance of submission shall contain a provision authorizing it to do so. (1965, c. 126.)

§ 13-1-7. When election to be held.

Elections for the purpose of voting upon questions of issuing bonds may be held at any general, primary, or special election which the fiscal body in its order submitting the same to a vote may designate, except that, when a petition is filed asking that bonds be issued, the fiscal body with which the same is filed, if it be not designated in the petition that the election shall be held at a general or primary election, shall order a special election to be held within sixty days from the date of the filing of such petition; or, if it be a petition for bonds for the construction of county-district roads or bridges thereon, the election shall be held within sixty days from the filing of the engineer's report as provided for in section five [§ 13-1-5] of this article. (1923, c. 14, § 7.)

Certain questions cannot be submitted at special election designated for consideration of constitutional amendments. — When the legislature, by law, designates that one or more proposed amendments are to be submitted to the voters at a special election, it would be unconstitutional and prohibited for the voters of any county to consider the question(s) of whether or not to authorize a county

board of education to borrow money by issuing general obligation bonds and/or to lay an excess levy at an election called by a county school board to be held on the same day as that already designated by the legislature for holding a special election for voters to vote on one or more constitutional amendments. Op. Atty 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. 386 (1922).
Section liberally construed. — Under this section a liberal rather than a technical rule of construction should be applied. *Stanley v. Kanawha County Court*, 84 W. Va. 619, 100 S.E. 408 (1919).
Where a publication is required "for" a given number of days or weeks, it must be for each day or week for the required number of days or weeks, thereby giving force to the preposition "for" and distinguishing that class of statutes from those where continuity is not contemplated or so indicated by the use of the preposition. *Stanley v. Kanawha County Court*, 84 W. Va. 619, 100 S.E. 408 (1919).
Stated in *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-9. Registration of voters.

The registration of voters and the use of registration books prescribed by general law shall be applicable to any election under this chapter. (1923, c. 14, § 9.)

Cross references. — General law pertaining to registration of voters, c. 3, art. 2 and note thereto.

§ 13-1-10. Election precincts.

Elections for bond issues for counties, districts and school districts shall be held at the voting precincts established for holding general elections; for municipalities, at the precincts established for the election of municipal officers; and for independent school districts, at the precincts used for voting for boards of education. (1923, c. 14, § 10.)

§ 13-1-11. General election laws to apply; recorders and secretaries to act in lieu of circuit clerks.

All the provisions of the general election laws of this State concerning general, primary or special elections, when not in conflict with the provisions of this article, shall apply to bond elections hereunder, insofar as practicable: Provided, That in bond elections for municipalities, school or independent school districts, the recorders and secretaries, respectively, shall procure and furnish to the election commissioners at each voting precinct the ballots, pollbooks, tally sheets and other things necessary for conducting the election, and perform all duties imposed by law upon clerks of the circuit courts in relation to general elections. (1923, c. 14, § 11.)

ALR references. — Reversion 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. Atty Gen., Oct. 22, 1979.

County board of education is the proper body to certify election officials for general obligation bond issue election. 47 Op. Atty Gen. 158 (1957).

County court (now county commission) to conduct recount. — In the absence of any conflicting statute, and under the provisions of this section and § 3-6-9, the county court (now county commission), as a board of canvassers of the county, is vested with the power and authority to recount the ballots cast at a special bond election in the county and is the proper governmental instrumentality to conduct such recount. *State ex rel. Bumgarner v. County*

Court, 147 W. Va. 52, 125 S.E.2d 883 (1962).

And to do so promptly and without unnecessary delay. — The county court (now county commission), as the board of canvassers of the county, being vested with the power and authority to conduct a recount of the ballots cast at special bond elections, is subject to the duty to conduct such recount promptly and without unnecessary delay and to comply with the public policy of the State which requires diligent and timely action by officers, boards, tribunals and courts in ascertaining, declaring and certifying the final results of an election. *State ex rel. Bumgarner v. County Court*, 147 W. Va. 52, 125 S.E.2d 883 (1962).

The duty to provide polling places in special elections for school purposes is imposed solely upon the county court (now county commission) and not the board of education. Op. Atty 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 of the issuance of municipal bonds for street improvement to be paid for in whole or in part by assessment against abutting property, does not render the election invalid. *Sexton v. Lee*, 100 W. Va. 389, 130 S.E. 437 (1925).

As ballot clearly indicating intention of voter is sufficient. — If the form of ballot to be used in municipal bond elections be not prescribed by statute, a ballot which clearly indicates the intention of the voter on the proposition submitted will suffice. *Sexton v. Lee*, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-13. Time and manner of canvassing returns.

The authorities calling bond elections shall canvass the returns at the same time with reference to the election and in the same manner as is required of county courts for general elections. (1923, c. 14, § 13.)

Editor's notes. — As to the designation of county courts as county commissions, see *W. Va. Const.*, art. IX, § 9.

County board of education is authorized to canvass the returns of a general obligation bond issue election. 47 Op. Atty Gen. 158 (1957).

Quoted in Park v Landfried, 135 W. Va. 361, 63 S.E.2d 586 (1951).

§ 13-1-14. Resolution authorizing issuance and fixing terms of bonds.

If three fifths of all the votes cast for and against the proposition to incur debt and issue negotiable bonds shall be in favor of the same, the governing body of the political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount stated in the proposition; fix the date thereof; set forth the denominations in which they shall be issued, which denominations shall be one hundred dollars or multiples thereof; determine the rate or rates of interest which the bonds shall bear, which rate or rates of interest shall be within the maximum rate stated in the proposition submitted to vote and payable semiannually; prescribe the medium with which the bonds shall be payable; require that the bonds shall be made payable at the office of

the state board of investments and at such other place or places as the body issuing the same may designate; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds shall be subject to redemption prior to the maturity thereof and, if so, the terms of the redemption; and prescribe a form for executing the bonds authorized. (1923, c. 14, § 14; 1970, c. 9; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1990, 3rd Ex. Sess., c. 5; 1994, c. 13.)

Effect of amendment of 1994. — The amendment inserted "determine whether all... the terms of the redemption" near the end of the section; and made minor punctuation changes.

Constitutionality. — The supreme court of the United States in *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971), reversed the judgment of the West Virginia supreme court of appeals which held unconstitutional *W. Va. Const.*, art. X, §§ 1 and 8, and §§ 11-8-16, 13-1-4 and this section, because violative of the equal protection clause of the Constitution of the United States. *State ex rel. Heavener v. Perry*, 155 W. Va. 353, 184 S.E.2d 136 (1971).

That West Virginia has adopted a rule of decision in *W. Va. Const.*, art. X, §§ 1 and 8, and in § 13-1-4, this section, and § 11-8-16, applicable to all bond referenda and increases in taxes, by which the strong consensus of three fifths is required before indebtedness is authorized, does not violate the equal protection clause or any other provision of the United States Constitution. *Gordon v. Lance*, 403 U.S. 1, 91 S. Ct. 1889, 29 L. Ed. 2d 273 (1971).

West Va. Const., art. X, §§ 1 and 8, singles out no discrete and insular minority for special treatment. The three-fifths voting requirement applies equally to all bond issues and tax 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. Atty Gen. 303 (1953).

Issuance of less than total amount authorized. — Under this section, relating to an original bond issue, it appears that the legislature intended that a bond-issuing authority could issue less than the total amount of bonds authorized at the election, if under all the circumstances the projects authorized by the voters can still be completed. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

Registration of bonds. — This section and § 13-2-2, which authorize a bond-issuing authority to have bonds payable at the office of the treasurer of state and at such other places that the bond-issuing authority may designate, provide sufficient authority to permit the bonds to be registered at the place of payment. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-15. Bonds to be payable in annual installments.

Such bonds shall be made payable in annual installments beginning not more than two years after the date thereof, and the amount payable in each year may be so fixed that, when the annual interest is added to the principal amount to be paid, the total amount payable in each year in which part of the principal is payable shall be as nearly equal as practicable. It shall be an immaterial variance if the difference between the largest and smallest amounts of principal and interest payable annually during the term of the bonds shall not exceed three percent of the total authorized issue. Or, such bonds may be payable in annual installments beginning not more than two years after the date thereof, each installment being as nearly equal in principal amount as may be practicable. (1923, c. 14, § 14.)

§ 13-1-15a. Bonds may be subject to redemption.

All or a portion of such bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and prices and on such terms as shall be designated in the resolution required by section fourteen (§ 13-1-14) of this article. The body issuing the bonds may not levy taxes in connection with the redemption of any bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such bonds in such year. (1994, c. 13.)

§ 13-1-16. Recital of certification that bonds are issued in conformity with Constitution and statutes; effect thereof with attorney general's indorsement.

The resolution authorizing the bonds provided for in section fourteen (§ 13-1-14) of this article may direct that they shall contain the following recital:

"It is certified that this bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of West Virginia."

Such recital, when such bonds shall have been indorsed by the attorney general as provided in section twenty-eight (§ 13-1-28) of this article, shall be deemed an authorized declaration by the governing body of the political division and to import that there is constitutional and statutory authority for incurring the debts and issuing the bonds; that all the proceedings therefor are regular; that all the acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds, have existed, happened and been performed in due time, form and manner as required by law; that the amount of the bond and the issue of which it forms a part, together with all other indebtedness, does not exceed any limit or limits prescribed by the Constitution or statutes of this State; and that all questions connected with incurring the debt and issuing the bonds have been first submitted to a vote of the people and have received three fifths of all the votes cast for and against the same at an election regularly called and held for the purpose after notice published and posted in the manner required by law. If any bond be issued containing the said recital, and also containing the indorsement of the attorney general as aforesaid, it shall be conclusively presumed that said recital, construed according to the import hereby declared, is true, and neither the political division nor any taxpayer thereof shall be permitted to question the validity or regularity of the obligation in any court or in any action or proceeding. (1923, c. 14, § 15.)

§ 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.

The bonds issued hereunder may be registered or coupon bonds. Coupon bonds may be registered as to the principal in the owner's name by the state

board of investments on books which shall be kept at its office for the purpose and the registration shall also be noted on the bonds, after which no transfer shall be valid unless made by the state board of investments on the books of registration and similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery; but may again, and from time to time, be registered as to the principal amount as before. The registration of coupon bonds as to the principal sum shall not affect the negotiability of the interest coupons, but title to the same shall pass by delivery. (1923, c. 14, § 16; 1990, 3rd Ex. Sess., c. 5.)

Quoted in Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond.

Coupon bonds may also be registered as to the interest by the holder surrendering the bonds with the unpaid coupons attached, which bonds and coupons shall be canceled by the state board of investments. New bonds of the same date and tenor and for the same amounts as the bonds surrendered, or, at the option of the holder, a single bond for the aggregate amount of the bonds surrendered, but without interest coupons attached, shall be issued in the place of the coupon bonds and registered in the manner required in the preceding section (§ 13-1-17). A registered bond may at any time be surrendered and be exchanged by the holder for a coupon bond by the holder delivering the registered bond to the state board of investments who shall cancel the same and who shall cause a new bond of the same date and tenor and for the same amount to be issued, and with interest coupons for the interest thereafter to accrue thereon attached, and deliver the same to the holder of the surrendered bond. The governing body of the county, municipal corporation or school district which issued the original bond shall issue and execute the new bond required by this section and shall pass the resolutions and ordinances necessary to authorize the same. The expense of such registration shall in all cases be paid by the holder of the bonds. (1923, c. 14, § 17; 1990, 3rd Ex. Sess., c. 5.)

§ 13-1-19. Signing, sealing and delivery of bonds and coupons.

All bonds issued under this article by any county shall be signed by the president of the county court and countersigned by the clerk of such court; bonds issued by any municipality shall be signed by the mayor or other chief executive and countersigned by the clerk, recorder or secretary; bonds issued by a district or independent school district shall be signed by the president of the board of education and countersigned by the secretary thereof. The seal of the political division shall be affixed to such bonds. Interest coupons shall be signed by the facsimile signatures of such officers. The delivery of any bonds or

coupons so executed at any time thereafter shall be valid, although before the date of delivery the person signing such bonds or coupons shall have ceased to hold office. (1923, c. 14, § 18.)

Editor's notes. — As to the designation of county courts as county commissions, see W. 437, 327 S.E.2d 416 (1985). Va. Const., art. IX, § 9.

ALR references. — Legislature's power to add to or make more onerous conditions prescribed by constitution upon incurring of public debt, 106 ALR 231.

Power and discretion of officer or board authorized to issue bonds of governmental unit as (1985).

regards terms or conditions to be included therein, 119 ALR 190.

Discount sales. — A discount sale of a refunding bond is not prohibited. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-20. 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 including retirement of principal. Board of to permit annual adjustments to the levy rates. Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 if necessary, to meet the annual bond interest. (1985).

§ 13-1-21. Advertisement and sale of bonds.

The governing body of the political division issuing such bonds shall sell the same and collect the proceeds, which proceeds shall be deposited with its treasurer. The governing body of the political division shall advertise such bonds for sale, on sealed bids, which advertisement shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be the political division. The first publication shall be made at least fourteen days before the date fixed for the reception of bids. Such advertisement shall also be published in a financial paper published either in the city of New York or the city of Chicago, or in a newspaper published in a city of this state having a population of not less than twenty thousand inhabitants, according to the last federal census. The governing body may reject any and all bids. If the bonds be not sold pursuant to such advertisement, they may within one hundred twenty days after the date advertised for the reception of bids, be sold by the governing body at private sale, but no private sale shall be made at a price less than the highest bid which shall have been received. If not sold, such bonds shall be readvertised in the manner herein provided. In no event

shall bonds be sold for less than their par value. (1923, c. 14, § 20; 1967, c. 105; 1981, 1st Ex. Sess., c. 2; 1992, c. 29.)

Legislature's power to add to or make more onerous conditions prescribed by constitution upon incurring of public debt, 106 ALR 231.

Power and discretion of officer or board authorized to issue bonds of governmental unit as (1985).

regards terms or conditions to be included therein, 119 ALR 190.

Discount sales. — A discount sale of a refunding bond is not prohibited. Board of Educ. v. Slack, 174 W. Va. 437, 327 S.E.2d 416 (1985).

§ 13-1-22. Purposes for which proceeds to be used; purchaser need not see to application thereof.

The proceeds derived from the sale of any bonds shall be used only for the purpose or purposes for which the bonds were issued as set out in the order or ordinance submitting the question to vote, but the purchaser of the bonds shall not be obliged to see to the application thereof. (1923, c. 14, § 21.)

Limitations not forbidden by fundamental law may be imposed on expenditures. — See 45 Op. Atty Gen. 426 (1953).

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. Atty 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. Atty Gen. 375 (1956).

Authority to designate location of municipal park when bond issue does not so provide. — See 45 Op. Atty Gen. 426 (1953).

A municipal corporation is estopped by recitals in bonds to assert, as against a holder in due course, that the recitals were false or incorrect. St. Paul Fire & Marine Ins. Co. v. Town of Monongah, 209 F. Supp. 514 (N.D.W. Va. 1962).

A county court (now county commission) may not expend proceeds of a bond issue made under the provisions of article 1 of this chapter for purposes other than those specifically approved by the voters of that county. Op. Atty Gen., May 28, 1969.

§ 13-1-23. No law, order, ordinance, resolution, or publication necessary except as prescribed by this article.

This article shall, without reference to any other act of the legislature, be full authority for the issuance and sale of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bond under this article shall be necessary, except such as are required by this article. No publication of any order, ordinance, resolution or proceeding relating to the issuance of such bonds shall be necessary except such as is required by this article. Any publication prescribed hereby may be made in any newspaper conforming to the terms of this article, without regard to designation thereof as the official journal of the political division. (1923, c. 14, § 22.)

§ 13-1-24. Legal status of bonds.

Bonds issued under this article, except to the extent that their status shall be affected by registration made in pursuance of this article, shall have all the qualities of negotiable paper under the law merchant and shall not be invalid for any irregularity or defect in the proceedings for the issuance thereof, and

shall be incontestable in the hands of bona fide purchasers or holders thereof for value. (1923, c. 14, § 23.)

ALR references. — Validity of bond issue in excess of amount permitted by law within authorized debt, tax, or voted limit, 175 ALR 823.

§ 13-1-25. Copy of proceedings to be transmitted to attorney general for approval or disapproval; publication of approval or disapproval.

The governing body of any political division issuing bonds under this article shall, as soon as practicable after the result of the election authorizing their issuance shall have been officially ascertained, transmit to the attorney general a duly certified copy of all orders, ordinances, proclamations, notices, advertisements, affidavits, resolutions and records of all the proceedings connected with or pertaining to such bond issue, and any other matters relative thereto which the attorney general may require. The attorney general shall thereupon either approve or disapprove the validity of such bond issue, and shall immediately notify the governing body of the political division which authorized the issuance of the bonds of his action by mail, and as soon as practicable notify the people of such political division of his approval or disapproval of such bond issue, by causing notice thereof to be published as a Class II legal advertisement in compliance with the provisions of article three (§ 59-3-1 et seq.), chapter fifty-nine of this Code, and the publication area for such publication shall be the political division. (1923, c. 14, § 24; 1967, c. 105.)

Cross references. — See notes to § 13-1-26. **Attorney general restricted to consider validity of procedural steps in passing on validity of bond issue.** — The power of the attorney general in approving or disapproving the validity of a proposed bond issue, pursuant to this section, is restricted to passing upon the procedural steps taken by the political subdivision. State ex rel. Town of South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

And may not rule on validity of contract affecting title to land to be purchased from proceeds of bond issue. — Under this section, the attorney general of this State has no power to pass on the validity of a contract and agreement affecting the title to land to be purchased from the proceeds of a bond issue. Such question is judicial and must be determined by a court of competent jurisdiction.

§ 13-1-26. Review in supreme court of appeals of action of attorney general.

For a period of ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue as provided in the preceding section (§ 13-1-25), any

person in interest, or any taxpayer within the political division for which the bonds are authorized to be issued, may present his or its petition to the supreme court of appeals or to a judge thereof in vacation, praying that the action of the attorney general in approving or disapproving such bond issue, as aforesaid, be reversed or modified; and if the court, or such judge thereof in vacation, be of the opinion to hear and determine the matters in such petition set out, the case shall be proceeded with as in cases of original jurisdiction; but the petitioner shall file with the clerk of the court a bond, with security to be approved by him, and in such sum as the court or judge may fix, for the payment of such costs as may be awarded against him in said court. The clerk of the court shall forthwith notify the attorney general and the governing body of the political division which authorized the issuance of the bonds of the action taken by the court or judge in vacation upon such petition, and for the hearing thereof the attorney general shall file with the clerk of said court all papers, documents, evidence and records, or certified copies thereof, which were before him and on which he based his approval or disapproval; and before the day fixed for final hearing, he shall file with the clerk of said court a written statement of his reasons for the approval or disapproval of the bond issue. Upon the submission of the case, the court shall decide the matters in controversy and enter such order thereon as to it may seem to be just. (1923, c. 14, § 24.)

Exercise of discretion by attorney general must not be arbitrary. — This section does not contemplate or sanction an arbitrary exercise of the discretionary powers of the attorney general. This is indicated by the provision hereof which permits an appeal to the supreme court in the event of misuse or abuse of the authority vested in the attorney general. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

Thus he may not withhold approval, all preliminary proceedings having been regular. — The attorney general cannot withhold his approval if all of the preliminary proceedings to the issue of the road bonds are regular or substantially so. Nor can he be permitted to give his approval if the statutory provisions have not been complied with. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

But if his judgment has not been attacked by a suit within the prescribed time, such judgment becomes final. State ex rel. Allen v. England, 86 W. Va. 508, 103 S.E. 400 (1920).

Review contemplated. — The provisions of this section and § 13-1-25 contemplate that when the attorney general has ruled, his action may be reviewed by the supreme court of appeals. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

Power of review rests solely on this section. — The jurisdiction of the supreme court of appeals to review the action of the attorney

general in approving or disapproving a proposed bond issue rests solely on this section, and should "be proceeded with as in cases of original jurisdiction." State ex rel. Town of South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

And the sole question ordinarily considered on review is approval or disapproval by the attorney general of a proposed bond issue. Generally the supreme court of appeals will not undertake in such proceeding the supervision of the expenditure of funds to be procured as the result of such bond issue. Baxa v. Partlow, 132 W. Va. 859, 54 S.E.2d 825 (1949); State ex rel. Town of South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

In the proper exercise of his powers under § 13-1-25. — The review by the supreme court of appeals of the attorney general's action in approving or disapproving a proposed bond issue contemplated by this section is limited to his action with respect to the powers he may properly exercise pursuant to § 13-1-25. State ex rel. Town of South Charleston v. Partlow, 133 W. Va. 139, 55 S.E.2d 401 (1949).

Effect on jurisdiction of lower court. — The action of the appellate court in upholding the attorney general in sustaining a county bond issue would not oust the circuit court of the county of its jurisdiction to finally hear and determine a pending suit seeking to contest the bond election and to enjoin the issuance of the bonds. Sessler v. Partlow, 126 W. Va. 232, 27 S.E.2d 829 (1943).

An objection to an amended and supplemental petition, filed more than ten days after the date of the last publication of the notice of the attorney general of his approval of a bond issue, was held to be without merit so long as the defendant was not taken by surprise or otherwise prejudiced by the filing and consideration of the supplemental petition. *Rox v.*

Parlow, 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. Parlow*, 130 W. Va. 777, 45 S.E.2d 506 (1947).
Cited in Town of South Charleston v. Board of Educ., 132 W. Va. 77, 50 S.E.2d 880 (1948).

§ 13-1-27. Bond issue and tax to pay bonds to be incontestable upon failure to file petition for review or dismissal thereof.

If no person in interest or taxpayer shall within ten days from and after the date of the last publication of the notice of the attorney general of his action in approving or disapproving the validity of any bond issue, as provided in this article, present his or its petition to the supreme court of appeals or to a judge thereof in vacation praying that the action of the attorney general be reversed or modified, as hereinbefore provided, or if such petition be filed and the court or judge be of the opinion not to hear and determine the matters in such petition set out, the action of the attorney general shall be final and no other appeal shall be allowed therefrom; and the bond issue approved by him shall become incontestable and shall be a valid and binding obligation upon the authority issuing the same and upon the taxable property within the political division which authorized the bond issue by the vote of the people therein; and no one shall thereafter have the right to contest in any court or in any action or proceeding the legality of any election held under this article, the bond issue provided for, or the tax required to pay the same, for any cause whatsoever. (1923, c. 14, § 24.)

Applied in Warden v. Gratton, 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).

§ 13-1-28. Indorsement on bonds by attorney general.

After ten days shall have elapsed from and after the date of the last publication of the attorney general's notice provided for in section twenty-five [§ 13-1-25] of this article, if no proceeding be pending to have his approval of the bond issue reversed and modified, the attorney general shall indorse upon each and every bond of the issue so approved by him his certificate to the effect that such bond has been approved by him by virtue of the authority vested in him by this article; that notice of his approval was published as required by section twenty-five of this article; that ten days have elapsed since the date of the last publication of such notice; that there has been no appeal from his decision to the supreme court of appeals; and that the bond has become incontestable and is a binding obligation upon the authority issuing the same and upon the taxable property within the political division, and that the validity of such bond shall not be contested thereafter in any court or in any action or proceeding for any cause whatsoever. (1923, c. 14, § 24.)

§ 13-1-29. Costs of proceedings and expenses of attorney general to be paid out of proceeds of bonds or general fund.

The cost of publishing the notice to taxpayers as herein provided, and the costs of certifying and copying all records, papers and proceedings to be used by the attorney general in passing upon the validity of the bond issue, and all necessary expense incurred by the attorney general in connection with any bond issue, shall be paid by the authority issuing such bonds out of the proceeds arising from the sale thereof, if the same be finally approved, and if the bond issue be disapproved, such expense shall be paid out of the general fund of such authority. (1923, c. 14, § 24.)

§ 13-1-30. Files and records to be kept by attorney general.

The attorney general shall keep on file in his office the papers pertaining to any bond issue submitted to him, and shall record his findings of approval or disapproval in a well bound book kept for that purpose in his office, which shall be open for inspection by anyone in interest during business hours. (1923, c. 14, § 24.)

§ 13-1-31. Proceedings to issue bonds under authority of prior statutes; debts heretofore incurred.

Nothing contained in this article shall affect in any way proceedings heretofore begun by the governing body of any political division to issue bonds under the authority of any statutes of this State heretofore in force. Such proceedings may be completed under the statute under which the same were begun and under the provisions of this article so far as the same can be made applicable thereto. Nor shall anything contained in this article invalidate any indebtedness heretofore incurred under a law then existing. (1923, c. 14, § 25.)

§ 13-1-32. Amount of indebtedness authorized by § 13-1-3 may be increased by special act as to municipalities and independent school districts; bonds for assessments against abutting property excepted from this article.

Notwithstanding the provisions of section three [§ 13-1-3] of this article, when by a special act of the legislature any municipality or independent school district is authorized to become indebted for any purpose or purposes in a greater amount than is fixed by said section three, bonds may be issued under this article by such municipality or independent school district in an amount not exceeding that fixed by such special act. This article shall not affect any general or special law providing for the issuing of bonds for any improvement to be paid for in whole or in part by assessment against abutting property. (1923, c. 14, § 26.)

Editor's notes. — Acts 1933, Ex. Sess., c. 8, abolished "existing magisterial school districts and subdistricts and independent districts." See § 18-1-3.

Cited in *Sexton v. Lee*, 100 W. Va. 389, 130 S.E. 437 (1925).

§ 13-1-33. Bonds exempt from taxation.

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder, or under the provisions of chapter eight (§ 8-1-1 et seq.) of this Code, shall be exempt from all taxation by the State or by any political subdivision thereof. (1931 Code, § 13-1-33.)

Exemption must be provided by law or contract. — Unless in some way exempted by express provision of law or by contract, bonds issued by municipal subdivisions of the State may be taxed by the State. *State v. Page*, 100 W. Va. 166, 130 S.E. 426 (1925).

§ 13-1-34. Bonded indebtedness of school districts; annual tax to be levied and collected to pay same; definition of value.

(a) Notwithstanding any other provision of this article or of any other law to the contrary, every school district, by and through its board of education, shall levy and collect in each year a direct annual tax on all taxable property in such school district sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such school district, now or hereafter contracted, not to exceed five percent of the value of the taxable property therein to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by 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.

(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** *AFCO v. County Court*, 146 W. Va. 118, 118 S.E.2d 531 (1961).

§ 13-1-35. Bonded indebtedness of counties, magisterial districts and municipal corporations; levy and collection of taxes to pay same.

Notwithstanding any other provisions of this article or any other law to the contrary, every county, by and through its county court, either for or on behalf of the county, or for and on behalf of any magisterial district, or any group of magisterial districts therein, and any municipal corporation, by and through its council or other governing body in lieu thereof, shall levy and collect in each year a direct annual tax on all the taxable property in such county, magisterial district or districts, or municipality sufficient to pay the principal and interest maturing in such year, together with any deficiencies for prior years, within, and not exceeding thirty-four years, on any bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, now or hereafter contracted, not to exceed in the aggregate five percent of the value of the taxable property therein, to be ascertained in accordance with section 8, article X of the Constitution, which levies shall be laid separate and apart and in addition to the maximum rates provided for tax levies by such counties, magisterial district or districts, or municipalities, as the case may be, on the several classes of property specified in section 1, article X of the Constitution, but in the same proportions as such maximum rates are levied on the several classes of property, and which tax may be levied outside the limits fixed by said section 1, article X of the Constitution.

The order of the county court, either for or on behalf of the county or for and on behalf of any magisterial district, or any group of magisterial districts therein, or of any municipal corporation, by its council or other governing body in lieu thereof, hereafter adopted calling an election on the issuance of bonds of such county, magisterial district or districts, or municipality, as the case may be, which together with the existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, the value to be ascertained in accordance with section 8, article X of the Constitution, shall contain a statement in substantially the following form:

Such bonds, together with all existing bonded indebtedness of such county, magisterial district or districts, or municipality, as the case may be, will not exceed in the aggregate five percent of the value of the taxable property in such county, magisterial district or districts, or municipality, as the case may be, as 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. 387 (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: 1965," 68 W. Va. L. Rev. 443 (1965).

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 (1965).

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 (1965).

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 (1965).

Use of excess funds. — Section 18-9-2c, which authorizes the transfer of funds remaining from the liquidation of school bonds to the school current fund, does not preclude the use of excess money from an escrow fund established with the bond commission and derived from the sale of refunding bonds under this article, as long as the county board of education complies with § 13-3-9(c). *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1965).

Discount rates. — A discount sale of a refunding bond is not prohibited. *Board of Educ. v. Slack*, 174 W. Va. 437, 327 S.E.2d 416 (1965).

§ 13-2-1. What political divisions may issue refunding bonds; when issued.

Any county, by and through its county commission, either for and on behalf of the county or for and on behalf of any magisterial district or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may, in the manner and subject to the limitations and conditions contained in this article, issue and sell its bonds for the purpose of refunding the bonds of such political division which have become or are becoming due and payable and for the discharge of which there are or will be when the bonds mature no funds or insufficient funds available; or when, in the opinion of the governing body of the political division obligated to the payment of such bonds, the rate of levy necessary to provide funds for their discharge will impose excessive taxes upon the taxpayers of such political division; or for the purpose of providing for the payment of outstanding bonds in advance of the maturity or redemption thereof through the making of a deposit as provided in section four [§ 13-2-4] of this article; or for the purpose of rendering outstanding bonds not due when such outstanding bonds are to be presented for payment before maturity by the exercise of option provisions or by agreement with the holders thereof. Such refunding bonds may be issued bearing the same or a higher or lesser rate of interest than the bonds to be refunded. Except to the extent that additional taxes for such purpose have been approved by the voters and the levy of such additional taxes provided for through 13-1-14 of article one of this chapter, no such refunding bonds shall be issued bearing a higher rate of interest than the bonds being refunded or shall be issued in a principal amount exceeding the principal amount of the bonds to be refunded unless the amount of debt service payable on such refunding bonds in each year is equal to or less than the amount of taxes expected to be available therefor as shall be certified by the chairman of the West Virginia municipal bond commission prior to the issuance of such refunding bonds. The amount of taxes expected to be available in each year for purposes of this section shall be based upon the rates of levy stipulated in the order directing the election at which the issuance of the bonds being refunded was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election. In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt-service requirements of bonds which have not been issued. (1925, c. 46, § 1; 1984, c. 25.)

Editor's notes. — Acts 1933, Ex. Sess., c. 8, abolished "existing magisterial school districts and subdistricts and independent districts," the creation and maintenance of a sinking fund

**MICHIE'S
WEST VIRGINIA
CODE
ANNOTATED**

VOLUME 5

1995 Replacement Volume

1999 SUPPLEMENT

*Including Acts passed during the
1999 Regular and First and Second
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CHAPTER 13.

PUBLIC BONDED INDEBTEDNESS.

Article

1. Bond Issues for Original Indebtedness.
2. Refunding Bonds.
- 2C. Industrial Development and Commercial Development Bond Act.
3. Municipal Bond Commission.

ARTICLE 1.

BOND ISSUES FOR ORIGINAL INDEBTEDNESS.

- | | |
|---|--|
| Sec. | Sec. |
| 13-1-14. Resolution authorizing issuance and fixing terms of bonds. | 13-1-18. Registration of coupon bonds as to interest; exchange of registered bond for coupon bond. |
| 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal. | |

§ 13-1-14. Resolution authorizing issuance and fixing terms of bonds.

If three fifths of all the votes cast for and against the proposition to incur debt and issue negotiable bonds shall be in favor of the same, the governing body of the political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount stated in the proposition; fix the date thereof; set forth the denominations in which they shall be issued, which denominations shall be one hundred dollars or multiples thereof; determine the rate or rates of interest which the bonds shall bear, which rate or rates of interest shall be within the maximum rate stated in the proposition submitted to vote and payable semiannually; prescribe the medium with which the bonds shall be payable; require that the bonds shall be made payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate; provide for a sufficient levy to pay the annual interest on the bonds and the principal at maturity; fix the times within the maximum period, as contained in the proposition submitted to vote, when the bonds shall become payable, which shall not exceed thirty-four years from the date thereof; determine whether all or a portion of the bonds shall be subject to redemption prior to the maturity thereof and, if so, the terms of the redemption; and prescribe a form for executing the bonds authorized. (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."

§ 13-1-17

PUBLIC BONDED INDEBTEDNESS

§ 13-1-17. Bonds may be registered; coupon bonds may be registered as to principal.

The bonds issued hereunder may be registered or coupon bonds. Coupon bonds may be registered as to the principal in the owner's name by the state treasurer on books which shall be kept at its office for the purpose and the registration shall also be noted on the bonds, after which no transfer shall be valid unless made by the state treasurer on the books of registration and similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery; but may again, and from time to time, be registered as to the principal amount as before. The registration of coupon bonds as to the principal sum shall not affect the negotiability of the interest coupons, but title to the same shall pass by delivery. (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."

§ 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."

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street,
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 22, 1999
(See Reverse for Instructions)

ISSUE: The Board of Education of the County of Monroe, Public School Bond, Series 1999

ADDRESS: Post Office Box 330 COUNTY: Monroe
Union, West Virginia 24983

PURPOSE: New Money X

OF ISSUE: Refunding _____

ISSUE DATE: 07/01/99

CLOSING DATE: 07/22/99

ISSUE AMOUNT: \$2,100,000

RATE: 4.757253% (NIC)

1ST DEBT SERVICE DUE: 12/1/99

1ST PRINCIPAL DUE: 06/01/00

1ST DEBT SERVICE AMOUNT: \$41,556.25

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Bowles Rice McDavid
Graff & Love, PLLC

UNDERWRITER'S COUNSEL: None

Contact Person: Edward D. McDevitt
Phone: (304) 347-1711

Contact Person: _____
Phone: _____

CLOSING BANK: The Bank of Monroe*
Union, West Virginia

ESCROW TRUSTEE: _____

Contact Person: Steve McNeer
Phone: (304) 772-3034

Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

FINANCIAL ADVISOR: Ferris, Baker Watts, Incorporated

Contact Person: Robert Phillips
Position: Treasurer
Phone: (304) 772-3094

Contact Person: Marie Prezioso
Phone: (304) 345-3421

DEPOSITS TO MBC AT CLOSE:

	<u>X</u>	Accrued Interest:	\$ <u>5,817.88</u>
	_____	Capitalized Interest:	\$ _____
By _____	Wire	Reserve Account:	\$ _____
	<u>X</u>	Check	Other: Capital Outlay Account
	_____		\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

	_____	To Escrow Trustee:	\$ _____
By _____	Wire	To Issuer:	\$ _____
	Check	To Cons. Invest. Fund:	\$ _____
	ITG	Other:	\$ _____

Notes: *\$2,100,003.65 to be deposited to Construction Fund (\$3.65 is premium) at The Bank of Monroe, Union, West Virginia. The Board will cause \$100,000.00 of "local funds" to be deposited in the Construction Fund.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

The Board of Education of the County of Monroe, West Virginia
Public School Bonds, Series 1999
First Union Capital Markets Corporation

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/1999	-	-	41,558.25	41,558.25
6/01/2000	90,000.00	4.625%	48,867.50	139,867.50
12/01/2000	-	-	47,788.25	47,788.25
6/01/2001	100,000.00	4.750%	47,788.25	147,788.25
12/01/2001	-	-	45,411.25	45,411.25
6/01/2002	110,000.00	4.750%	45,411.25	155,411.25
12/01/2002	-	-	42,798.75	42,798.75
6/01/2003	115,000.00	4.750%	42,798.75	157,798.75
12/01/2003	-	-	40,067.50	40,067.50
6/01/2004	120,000.00	4.750%	40,067.50	160,067.50
12/01/2004	-	-	37,217.50	37,217.50
6/01/2005	125,000.00	4.750%	37,217.50	162,217.50
12/01/2005	-	-	34,248.75	34,248.75
6/01/2006	130,000.00	4.750%	34,248.75	164,248.75
12/01/2006	-	-	31,161.25	31,161.25
6/01/2007	135,000.00	4.750%	31,161.25	166,161.25
12/01/2007	-	-	27,955.00	27,955.00
6/01/2008	145,000.00	4.750%	27,955.00	172,955.00
12/01/2008	-	-	24,511.25	24,511.25
6/01/2009	150,000.00	4.750%	24,511.25	174,511.25
12/01/2009	-	-	20,948.75	20,948.75
6/01/2010	160,000.00	4.750%	20,948.75	180,948.75
12/01/2010	-	-	17,148.75	17,148.75
6/01/2011	165,000.00	4.750%	17,148.75	182,148.75
12/01/2011	-	-	13,230.00	13,230.00
6/01/2012	175,000.00	4.750%	13,230.00	188,230.00
12/01/2012	-	-	9,073.75	9,073.75
6/01/2013	185,000.00	4.750%	9,073.75	194,073.75
12/01/2013	-	-	4,680.00	4,680.00
6/01/2014	195,000.00	4.800%	4,680.00	199,680.00
Total	2,100,000.00	-	883,901.25	2,983,901.25

YIELD STATISTICS

Accrued Interest from 07/01/1999 to 07/22/1999..... 5,817.88
 Bond Year Dollars..... \$18,580.00
 Average Life..... 8.848 Years
 Average Coupon..... 4.7572726%

Net Interest Cost (NIC)..... 4.7572530%
 True Interest Cost (TIC)..... 4.7566440%
 Bond Yield for Arbitrage Purposes..... 4.7566694%
 All Inclusive Cost (AIC)..... 4.7566440%

IRS FORM 8038

Net Interest Cost..... 4.7573256%
 Weighted Average Maturity..... 8.789 Years

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by The Board of Education of the County of Monroe (West Virginia) (the "Issuer") in connection with the issuance of \$2,100,000 The Board of Education of the County of Monroe (West Virginia) Public School Bonds, Series 1999 (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated March 18, 1999 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b) (5).

SECTION 2. Definitions. In addition the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

"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).

"Dissemination Agent" shall mean United National Bank, Charleston, West Virginia, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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 Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently July 30), commencing with the report for the 1999 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give 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 said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. Core financial information and operating data for the prior fiscal year, including (i) the Board's audited general purpose financial statements, prepared in accordance with rules prescribed by the West Virginia Department of Education, which basis differs in some respects from generally accepted accounting principles, and (ii) material historical quantitative data on the Board's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "School District's Receipts and Expenditures" including, tax levies and collection data;

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice 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. defeases.
10. release, substitution, or sale of property securing repayment of the securities.
11. interruptions in normal assessment and ad valorem property tax procedures and collections.
12. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the Repositories and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, 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 Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 Resolution for amendments to the Resolution 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 Certificate, 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(c), 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 Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

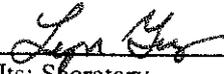
SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate (and, at the request of the Original Purchaser), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July 22, 1999

THE BOARD OF EDUCATION OF THE COUNTY OF
MONROE

By 
Its: Secretary

GBB.GBB.0054531

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **July 1, 1999.**

Bloomberg Municipal Repository

P. O. Box 840
Princeton, NJ 08542-0840
Internet address: MUNIS@bloomberg.doc
(609) 279-3235
Facsimile: (609) 279-5963

Thomson NRMSIR

Attn.: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Internet address: Disclosure@muller.com
(212) 807-5001 or (800) 689-8466
Facsimile: (212) 989-2078

Disclosure, Inc.

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701
Facsimile: (201) 947-0107
Internet Address: nrmsir@dpcdata.com

Kenny Information Systems, Inc.

65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4568
Facsimile: (212) 797-7994
Contact: Joan Horai, Repository

\$2,100,000
THE BOARD OF EDUCATION OF
THE COUNTY OF MONROE
PUBLIC SCHOOL BONDS
SERIES 1999
MEMORANDUM OF CLOSING

PRE-CLOSING

Date and Time: July 21, 1999, at 2:00 p.m.

Place of Pre-Closing: Bowles Rice McDavid Graff & Love, PLLC
Charleston, West Virginia

CLOSING

Date and Time: July 22, 1999, at 9:00 a.m.

Place of Closing: Bowles Rice McDavid Graff & Love, PLLC
Charleston, West Virginia

I. ACTION TAKEN PRIOR TO CLOSING

The Series 1999 Bonds are being issued to provide funds which together with certain local funds will be sufficient to undertake the acquisition, construction or equipping of six (6) projects within the school district.

Among the corporate actions taken by the Board in respect to the Series 1999 Bonds are the following:

January 25, 1998	Appointment of Ferris, Baker Watts as Financial Advisor and of Bowles Rice McDavid Graff & Love, PLLC as Bond Counsel
December 30, 1998	Order Directing Bond Election passed by Board
February 27, 1999	Bond Levy submitted to Voters of County School District
March 5, 1999	Board of Canvassers Certifies Voter Approval of Bond Levy
July 8, 1999	Bids received and successful bidder approved
July 21, 1999	Pre-Closing held

II. ACTION TO BE TAKEN AT CLOSING

Except as otherwise indicated, the following documents or photocopies thereof, are to be delivered to: the Board, the Registrar, the Purchaser, the Financial Advisor and Board Counsel.

A.	<u>BASIC DOCUMENTS:</u>	<u>TAB</u>
1.	Bond Election Order	1
2.	List of Poll Workers	2
3.	Certification of Election Results	3
4.	Resolution and Order Directing Issuance of Series 1999	4
5.	Attorney General's Approval	5
6.	Specimen Bond	6
7.	Rating Letter	7
8.	Direction to Authenticate and Deliver Series 1999 Bonds	8
9.	DTC Representation Letter	9
10.	Cross-Receipt	10
B.	<u>CERTIFICATES:</u>	
1.	General Certificates of Board	11
2.	Tax and Non-Arbitrage Certificate of Board	12
3.	Certificate of Valuations and Related Information	13
4.	Certificate of Bonded Indebtedness	14
5.	Purchaser's Certificate	15
6.	Registrar and Authenticating Agent's Certificate	16

C.	<u>OPINIONS:</u>	
1.	Approving Opinion of Bowles Rice McDavid Graff & Love, PLLC, Bond Counsel	17
2.	Non-Arbitrage Opinion of Bowles Rice McDavid Graff & Love, PLLC, Bond Counsel	18
3.	Opinion of Counsel to Board	19
D.	<u>DOCUMENTS OF THE BOARD:</u>	
1.	Minutes on Award of Series 1999 Bonds - July 8, 1999	20
2.	Minutes of Board Meetings	21
	a. December 30, 1998	
	b. March 18, 1999	
3.	Specimen of Official Ballot	22
4.	Preliminary Official Statement	23
5.	Official Statement	24
6.	IRS Form 8038G	25
7.	Evidence of SBA Grant	26
8.	Evidence of Local Funds	27
E.	<u>MISCELLANEOUS:</u>	
1.	Affidavit of Publication of Bond Election Order	28
2.	Affidavit of Publication of Attorney General's Approval	29
3.	Attorney General's Office Letter to Clerk of the Supreme Court of Appeals of West Virginia	30
4.	Letter from Clerk of Supreme Court of Appeals to Attorney General's Office	31
5.	Affidavits of Publication of Notice of Bond Sale	32

6.	Official Notice of Sale	33
7.	Bid of First Union Capital Markets	34
8.	Registrar's Agreement	35
9.	Designation Letter	36
10.	Certified Copy of Enabling Act	37
11.	Municipal Bond Commission New Issue Report Form	38
12.	Continuing Disclosure Certificate	39
13.	Memorandum of Closing	40

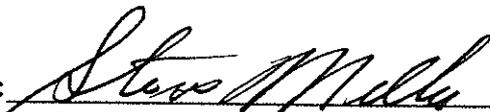
III. ACTIONS REQUIRED AFTER CLOSING

1. Form 8038G mailed to Internal Revenue Service
2. New Issue Report Form mailed to Municipal Bond Commission
3. Copies of documents to be delivered

CLOSING COMPLETED AS ABOVE:

**THE BOARD OF EDUCATION
OF THE COUNTY OF MONROE**

**FERRIS, BAKER WATTS, INCORPORATED,
as Financial Adviser**

By: 
President

By: _____
SL Vice President

UNITED NATIONAL BANK

**FIRST UNION CAPITAL MARKETS
CORP., as Purchaser**

By: 
Its: Vice President

By: _____
Vice President

6.	Official Notice of Sale	33
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1. Form 8038G mailed to Internal Revenue Service
2. New Issue Report Form mailed to Municipal Bond Commission
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CLOSING COMPLETED AS ABOVE:

**THE BOARD OF EDUCATION
OF THE COUNTY OF MONROE**

**FERRIS, BAKER WATTS, INCORPORATED,
as Financial Adviser**

By: _____
President

By: *Mr. H. K.*
S. Vice President

UNITED NATIONAL BANK

**FIRST UNION CAPITAL MARKETS
CORP., as Purchaser**

By: _____
Its: Vice President

By: *William A. Albright, VP*
Managing Director

