

**The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003**

DISTRIBUTION LIST

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Charleston, WV 25301
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\$2,900,000
The Board of Education of the County of Roane
(West Virginia)
Public School Refunding Bonds, Series 2003

Date of Closing: November 20, 2003

TRANSCRIPT LIST

BASIC DOCUMENTS

1. Parameters Resolution
2. Resolution and Order
3. Cross-Receipt for Bonds and Bond Proceeds
4. Direction to Authenticate and Deliver Bonds
5. Specimen Bond

CERTIFICATES

6. General Certificate of Issuer
7. Tax and Arbitrage Certificate of Issuer
8. Certificate of Chairman of Bond Commission and Letter Requesting Certification
9. Certificate of Registrar
10. Certificate of Paying Agent and Escrow Agent
11. Certificate of Underwriter

DOCUMENTS RELATING TO REFUNDING OF PRIOR BONDS

12. Letter to West Virginia Municipal Bond Commission on Proposed Refunding of Prior Bonds

13. Joint Certificate of Issuer and Escrow Agent on Investment of Escrow Fund and Discharge of Lien of Prior Bonds
14. Notice of Defeasance of Prior Bonds and Copy of Letter of Instructions to Prior Bonds' Paying Agent
15. Escrow Agreement
16. SLGS Subscription Form
17. Verification Report of Smith, Cochran & Hicks, PLLC, Certified Public Accountants, Regarding Bond Yield, Escrow Yield and Sufficiency of Escrow Fund
18. Letter of Instructions to Municipal Bond Commission

OFFERING DOCUMENTS

19. Bond Purchase Agreement
20. Continuing Disclosure Agreement
21. Preliminary Official Statement
22. Official Statement
23. SEC Rule 15c2-12 Certificate
24. S&P Rating Letter
25. DTC Blanket Letter of Representations

OPINIONS OF COUNSEL

26. Approving Opinion of Goodwin & Goodwin, LLP, Bond Counsel
27. Supplemental Opinion of Bond Counsel
28. Opinion of Bond Counsel on Original Issue Discount and Original Issue Premium
29. Opinion of Mark G. Sergent, Counsel to Issuer
30. Opinion of Goodwin & Goodwin, LLP, Counsel to Underwriter

MISCELLANEOUS DOCUMENTS

31. Minutes on Adoption of (i) Parameters Resolution and (ii) Resolution and Order (Meeting of October 9, 2003)
32. Registrar's Agreement
33. State Treasurer's Designation of United Bank, Inc. as Registrar
34. IRS Information Return (Form 8038-G) and Letter of Transmittal
35. Municipal Bond Commission New Issue Report
36. Series 1994 Bonds Election Order
37. Order Directing Issuance of Series 1994 Bonds
38. Closing Memorandum and Funds Wiring Instructions
39. Form of Board Resolution Requesting Disbursement
40. Statutory Authority

The closing on the issuance of \$2,900,000 in aggregate principal amount of The Board of Education of the County of Roane, Public School Refunding Bonds, Series 2003 will take place at the offices of Goodwin & Goodwin, LLP, 300 Summers Street, Suite 1500, Charleston, West Virginia, at 10:00 a.m., Eastern Time, on November 20, 2003. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document that references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

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

Public School
Refunding Bonds, Series 2003

PARAMETERS RESOLUTION AND ORDER

RESOLUTION AND ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE, AUTHORIZING THE REFUNDING OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE PUBLIC SCHOOL BONDS, SERIES 1994, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,710,000, AND THE ISSUANCE FOR SUCH PURPOSE OF NOT TO EXCEED \$2,990,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE, PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003; AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE REFUNDING AND TERMS OF SUCH BONDS, AUTHORIZING AND APPROVING AN ESCROW AGREEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, by a Resolution and Order Directing Issuance of Bonds adopted and entered on May 23, 1994 (the "Prior Resolution"), and pursuant to a special election held May 10, 1994, The Board of Education of the County of Roane, (the "Board"), authorized and directed the issuance of \$3,700,000 in aggregate principal amount of The Board of Education of the County of Roane Public School Bonds, Series 1994, dated July 1, 1994, currently outstanding in the aggregate principal amount of \$2,710,000 (the "Prior Bonds");

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

WHEREAS, it has been proposed that the Roane County School District (the "School District") advance refund the Prior Bonds (the "Refunding") pursuant to the Refunding

Act, through the issuance of its not to exceed \$2,990,000 in aggregate principal amount of The Board of Education of the County of Roane Public School Refunding Bonds, Series 2003 (the "Refunding Bonds"), as in this Resolution and Order (the "Resolution") provided;

WHEREAS, Ferris, Baker Watts, Incorporated (the "Underwriter"), has presented to the Board a summary of market conditions on the date hereof, and has recommended to the Board that the sale of the Refunding Bonds be authorized and approved;

WHEREAS, the Board has been informed by the Underwriter that favorable market conditions currently exist that would permit a refunding of the Prior Bonds to achieve interest cost savings which would decrease the amount of debt service payable by the Board during the remaining years prior to maturity of the Prior Bonds;

WHEREAS, the funds remaining on deposit with the Commission after the Refunding (the "Surplus Funds"), will no longer be earmarked or necessary for the purpose of amortizing the Prior Bonds;

WHEREAS, the Underwriter has estimated that the amount of Surplus Funds that may be made available to the Board upon issuance of the Refunding Bonds will be not less than \$100,000;

WHEREAS, in order to be able to approve the sale of the Refunding Bonds on a timely basis and take advantage of favorable market conditions which currently exist, the Board wishes to delegate to the President of the Board the authority to approve certain terms of the Refunding Bonds, including the exact principal amount, interest rates, redemption provisions, maturities and other terms of the Refunding Bonds and the terms of the documents described herein, without the requirement of further official action by the full membership of the Board; and

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

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

1. There is hereby authorized and directed the Refunding of the Prior Bonds, as hereinafter provided, subject to subsequent action to be taken by the President of the Board as herein described.
2. For the purpose of providing for the Refunding, the Board, acting for and on behalf of the School District, hereby authorizes and orders the issuance of the Refunding Bonds

in an aggregate principal amount not to exceed \$2,990,000. The Refunding Bonds shall be designated "The Board of Education of the County of Roane Public School Refunding Bonds, Series 2003," and may be issued in one or more series at such times as the Board shall determine.

3. The Refunding Bonds shall be sold to the Underwriter, shall be dated such date, upon original issuance, shall be numbered, shall bear interest at rates not to exceed 4.75% per annum, payable semiannually on May 1 and November 1 of each year, commencing May 1, 2004, shall mature serially in such principal amounts on such dates (with final maturity no later than May 1, 2015) and shall be subject to such redemption provisions as shall subsequently be approved by the President.

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

5. The Refunding Bonds shall be issued in fully registered form without coupons, in the denominations of \$5,000 or integral multiples thereof for any period of maturity, shall be numbered from R-1 consecutively upward in order of maturity and shall be substantially in the form set forth in a subsequent resolution and order of the Board to be adopted prior to delivery of the Refunding Bonds. The Refunding Bonds shall be signed by and on behalf of the Board by its President and be countersigned by its Secretary, which signatures may be either manual or facsimile signatures, and the seal of the Board or a facsimile thereof shall be affixed to or imprinted thereon, provided that the authentication of the Refunding Bonds shall be manually signed by the Registrar or Co-Registrar.

6. The Refunding Bonds shall be registered upon issuance to the registered owner thereof.

7. The President of the Board shall have the authority to approve the pricing and other final terms of the Refunding Bonds, including the determination of when and whether to issue the Refunding Bonds and to execute a bond purchase agreement by and between the Board and the Underwriters, without further Board action or approval.

8. The Escrow Agreement by and between the Board and the West Virginia Municipal Bond Commission (the "Commission"), as Escrow Agent, to be dated as of the date of delivery of the Refunding Bonds, substantially in the form submitted to this meeting shall be and the same is hereby approved. The President shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the President. Execution of the Escrow Agreement by the President shall be conclusive evidence of any approval required by this Section. The Board hereby directs the Escrow Agent to purchase from the United States

Treasury, for the benefit of the Board, the investment securities to be identified in the Escrow Agreement, at the prices so stated, for deposit in the Escrow Fund established under the Escrow Agreement.

9. The firm of Ferris, Baker Watts, Incorporated, Charleston, West Virginia, is hereby engaged for the purpose of serving as Underwriters with respect to the Refunding Bonds.

10. The firm of Goodwin & Goodwin, LLP, Charleston, West Virginia, is hereby engaged for the purpose of serving as Bond Counsel with respect to the Refunding Bonds.

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

12. The Board hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Refunding Bonds or any other funds of the Board to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Refunding Bonds or Prior Bonds to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto. The President of the Board is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Board's compliance with this covenant.

13. The Board hereby authorizes Goodwin & Goodwin, LLP to notify the Executive Director of the Commission of its intention to accomplish the proposed Refunding and request the withdrawal of the Surplus Funds. A draft of such letter has been presented to this meeting. The execution and delivery of such letter to the Commission and the withdrawal of the Surplus Funds are hereby in all respects ratified, authorized, approved and directed.

14. Proceeds of the Refunding Bonds shall be applied as set forth in the Escrow Agreement and subsequent resolution of this Board, to be adopted prior to delivery of the Refunding Bonds. The proceeds of the Refunding Bonds representing accrued interest shall be deposited in the Debt Service Account held by the Commission.

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

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

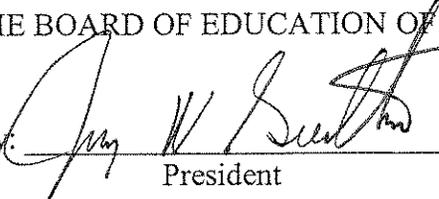
17. The President of the Board is hereby authorized and directed to execute and deliver to the Executive Director of the Commission, as soon as possible, a request to certify the amount of taxes expected to be available for the payment of the debt service on the Refunding Bonds in each year, as required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

18. The President of the Board, the Secretary of the Board, and all other officers and employees of the Board are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Refunding Bonds to be duly and properly issued by the Board and delivered to the Underwriter as herein authorized and to otherwise facilitate the transaction contemplated by this Resolution, including (if applicable), but not limited to, engaging an accountant for purposes of providing a verification report in connection with the issuance of the Refunding Bonds, consulting with or applying to rating agencies to obtain a rating on the Refunding Bonds and consulting with or applying to insurance agencies for bond insurance for the Refunding Bonds, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required, provided that the Board must subsequently approve the final terms of sale of the Refunding Bonds to the Underwriter.

19. This Resolution shall take effect immediately upon its adoption.

Adopted and entered of record this October 9, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: 
President

CERTIFICATION

Certified a true, correct and complete copy of a Parameters Resolution duly adopted and entered of record by The Board of Education of the County of Roane at a regular meeting of the Board held at 7:00 p.m., on October 9, 2003, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated: October 9, 2003.

[SEAL]

By: Stephen D. Goffreda
Secretary

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2

3

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

RESOLUTION AND ORDER

RESOLUTION AND ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (WEST VIRGINIA), AUTHORIZING THE REFUNDING OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE PUBLIC SCHOOL BONDS, SERIES 1994, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,710,000, AND THE ISSUANCE FOR SUCH PURPOSE OF NOT MORE THAN \$2,990,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE, PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, A PAYING AGENT AND AN ESCROW AGENT; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF THE BONDS AND FUNDS ON DEPOSIT WITH THE WEST VIRGINIA MUNICIPAL BOND COMMISSION; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, by a Resolution and Order Directing Issuance of Bonds adopted and entered on May 23, 1994 (the "Prior Resolution"), and pursuant to a special election held May 10, 1994, the Board of Education of the County of Roane, West Virginia (the "Board"), authorized and directed the issuance of \$3,700,000 in aggregate principal amount of The Board of Education of the County of Roane Public School Bonds, Series 1994, dated July 1, 1994, currently outstanding in the aggregate principal amount of \$2,710,000 (the "Prior Bonds");

WHEREAS, Chapter 13, Article 2, of the Code of West Virginia, 1931,

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

WHEREAS, it has been proposed that the Roane County School District (the "School District") advance refund the Prior Bonds (the "Refunding") pursuant to the Refunding Act, through the issuance of not more than \$2,990,000 in aggregate principal amount of The Board of Education of the County of Roane Public School Refunding Bonds, Series 2003 (the "Refunding Bonds"), as in this Resolution and Order (the "Resolution") provided;

WHEREAS, the Board has on deposit with the Commission, as of the date hereof, approximately \$335,000 in funds from taxes levied and collected with respect to the Prior Bonds, a portion of which will be used, together with proceeds of the Refunding Bonds, for purposes of the Refunding;

WHEREAS, the funds remaining on deposit with the Commission after the Refunding in the amount of approximately \$335,000, less the amount of approximately \$99,130 to be retained in the debt service account for the Refunding Bonds, will no longer be earmarked or necessary for the purpose of amortizing either the Prior Bonds or the Refunding Bonds (such funds remaining on deposit with the Commission in the amount of approximately \$335,000, less the amount of approximately \$99,130 to be retained in the debt service account for the Refunding Bonds, for a net total of approximately \$236,000 are herein called the "Surplus Funds");

WHEREAS, Ferris, Baker Watts, Incorporated (the "Underwriter") has presented to the Board a Bond Purchase Agreement, dated November 4, 2003 (the "Bond Purchase Agreement") relating to the purchase of the entirety of the Refunding Bonds by the Underwriter;

WHEREAS, after review and due consideration of the Bond Purchase Agreement, the Board has determined that it is in the best interests of the School District and the citizens and residents thereof that the refunding be accomplished and that the Refunding Bonds be sold to the Underwriter pursuant to the Bond Purchase Agreement;

WHEREAS, it is in the best interests of the citizens and residents of the School District that the Surplus Funds be withdrawn from the Commission, concurrently (or as soon thereafter as possible) and in connection with the Refunding, subject to the limitations set forth in Section 19 hereof; and

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

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

1. There is hereby authorized and directed the Refunding of the Prior Bonds, as hereinafter provided, which Prior Bonds mature serially on May 1 of such years, in such principal amounts, bear interest at such rates, payable semiannually on May 1 and November 1 of each year, and require such debt service, all as set forth in **EXHIBIT A - PRIOR BONDS TERMS**, attached hereto and incorporated herein by reference.

2. For the purpose of providing for the Refunding, the Board, acting for and on behalf of the School District, hereby authorizes and orders the issuance of the Refunding Bonds in the aggregate principal amount \$2,900,000. The Refunding Bonds shall be designated "The Board of Education of the County of Roane Public School Refunding Bonds, Series 2003."

3. The Refunding Bonds shall be dated November 1, 2003, upon original issuance, shall initially be represented by twelve serial Bonds numbered R-1 through R-12, shall bear interest at the rates per annum, payable semiannually on May 1 and November 1 of each year, commencing May 1, 2004, shall have principal installments payable on May 1 of each year, commencing May 1, 2004, and shall finally mature on May 1, 2015, all as set forth in **EXHIBIT B - REFUNDING BONDS TERMS**, attached hereto and incorporated herein by reference.

Said principal amounts, maturity dates and interest rates on the Refunding Bonds do not increase the total indebtedness authorized by the voters of the School District with respect to the Prior Bonds. The amount of debt service payable on the Refunding Bonds in each year is equal to or less than the amount of taxes expected to be available therefor, and such facts shall be certified by the Chairman of the

West Virginia Municipal Bond Commission (the "Commission") as a condition to issuance and delivery of the Refunding Bonds.

4. The Refunding Bonds shall not be subject to prepayment or redemption prior to their maturity.

5. The Refunding Bonds shall be issued in fully registered form without coupons, in the denominations of \$5,000 or integral multiples thereof for any year of maturity, shall be numbered from R-1 consecutively upward in order of maturity and shall be substantially in the form set forth in **EXHIBIT C - BOND FORM**, with such variations as are approved by those officers executing such Refunding Bonds on behalf of the Board, such execution by such officers to constitute conclusive evidence of such approval. The Refunding Bonds shall be signed by and on behalf of the Board by its President and be countersigned by its Secretary, which signatures may be either manual or facsimile signatures, and the seal of the Board or a facsimile thereof shall be affixed to or imprinted thereon, provided that the authentication of the Refunding Bonds shall be manually signed by the Registrar.

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

Representations in substantially the form presented to this meeting and the Issuer is authorized to comply with all requirements of DTC.

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

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

9. The principal of and interest on any Refunding Bond shall be payable in installments to the registered owner thereof by check or draft mailed or, at the option of the Registrar, by wire transfer by the Paying Agent, to the registered owner of such Refunding Bond at its address as it appears on the Bond Register as of the close of business on the 15th day of the month (regardless of whether such 15th day is a Saturday, Sunday or legal holiday) preceding any interest payment date (each April 15 and October 15, herein called a "Record Date").

10. The Refunding Bonds shall be sold to the Underwriter. The Bond Purchase Agreement, substantially in the form submitted to this meeting, and the

execution and delivery (in multiple counterparts) by the President of the Bond Purchase Agreement on behalf of the Board are hereby authorized, ratified, approved and directed. The President shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the President. Execution of the Bond Purchase Agreement by the President shall be conclusive evidence of any approval required by this Section. The price of the Refunding Bonds, pursuant to the Bond Purchase Agreement shall be \$2,860,459.95. In addition, the Underwriter shall pay to the Board the interest accrued from the date of the Refunding Bonds to their date of delivery, in the amount of \$4,666.22, for a total of \$2,865,126.17. The Refunding Bonds are expected to be delivered on or about November 20, 2003 (the "Closing Date").

11. The Escrow Agreement by and between the Board and the Commission, as Escrow Agent, to be dated the Closing Date, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the President of the Board, shall be and the same is hereby approved. The President shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the President. Execution of the Escrow Agreement by the President shall be conclusive evidence of any approval required by this Section. The Board hereby directs the Escrow Agent to purchase from the United States Treasury, for the benefit of the Board, the investment securities identified in the Escrow Agreement, at the prices so stated, for deposit in the Escrow Fund established under the Escrow Agreement.

12. The Continuing Disclosure Certificate of the Board to be dated the Closing Date, substantially in the form submitted to this meeting, and the execution and delivery (in multiply counterparts) by the President and/or Secretary thereof shall be and the same are hereby authorized, approved and directed. The President and/or Secretary shall execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by the President and/or Secretary. Execution of the Continuing Disclosure Certificate by the President and/or Secretary shall be conclusive evidence of any approval required by this Section.

13. The Official Statement dated the date of adoption of this Resolution and Order, or the date of a Supplemental Resolution, to be substantially in the form of the Preliminary Official Statement described below (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the President and the Secretary), and the distribution of counterparts or copies thereof by the Underwriter are hereby approved. The President and the Secretary shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the

President and the Secretary. The execution of the Official Statement by the President and the Secretary shall be conclusive evidence of any approval required by this Section.

The distribution by the Underwriter of the Preliminary Official Statement dated October 28, 2003 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the President is hereby ratified and approved.

14. The firm of Smith Cochran & Hicks, P.L.L.C., Charleston, West Virginia, is hereby engaged for the purpose of verifying yield and sufficiency of the Escrow Fund.

15. The firm of Goodwin & Goodwin, LLP, Charleston, West Virginia, is hereby engaged for the purpose of serving as bond counsel to the Board with respect to the Refunding Bonds.

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

17. The Board hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Refunding Bonds or any other funds of the Board to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Refunding Bonds or Prior Bonds to be an

"arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The President of the Board is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Board's compliance with this covenant, including, but not limited to a Tax and Arbitrage Certificate or similar certificate or agreement.

18. By letter dated November 5, 2003, the Board will notify the Executive Director of the Commission of its intention to accomplish the proposed Refunding and request the withdrawal of the Surplus Funds. A copy of such letter has been presented to this meeting. The execution and delivery of such letter to the Commission and the withdrawal of the Surplus Funds are hereby in all respects ratified, authorized, approved and directed.

19. Upon defeasance of the Prior Bonds, proceeds of the Refunding Bonds and Surplus Funds shall be applied as follows:

(A) \$2,824,930.59 of proceeds of the Refunding Bonds shall be deposited into the Escrow Fund as required by the Escrow Agreement;

(B) \$99,130.43 shall be deposited into the Debt Service Account for the Refunding Bonds;

(C) \$35,529.36 of proceeds of the Refunding Bonds shall be deposited with the Board and be used to pay costs of issuance of the Refunding Bonds and other costs relating to the Refunding;

(D) \$118,004.57 of Surplus Funds shall, on the Closing Date, be withdrawn by the Board and deposited either with a commercial bank, with the West Virginia Investment Management Board, or with the Commission, and applied solely by the Board to payment or repayment of costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, which were specified in the bond referendum approved by the voters of Roane County, West Virginia on May 10, 1994; and

(E) The Surplus Funds then remaining with the Commission in the amount of not less than \$118,004.57 shall

be retained by the Commission in a special account hereby designated the "Special Surplus Account." The Special Surplus Account shall be available, if needed, to pay the principal of or interest on the Refunding Bonds and shall not be used for any other purpose until May 15, 2004. On or after September 30, 2004, the Board shall review the balances in the Debt Service Account for the Refunding Bonds and in the Special Surplus Account, and, upon determination in writing by the Board that sufficient funds are on hand at the Commission, the Board may withdraw all or a portion of the funds then remaining in the Special Surplus Account. All such funds withdrawn from the Special Surplus Account shall be applied solely by the Board to payment or repayment of costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, which were specified in the bond referendum approved by the voters of Roane County, West Virginia on May 10, 1994. Each withdrawal request of the Board shall be specifically authorized by resolution of the Board. The Special Surplus Account shall be closed by the Commission when all the funds therein have been withdrawn or used to pay debt service as provided in this section.

20. The Board hereby designates the Refunding Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Refunding Bonds do not constitute private activity bonds as defined in Section 141 of the Code and as determined in accordance with Section 265(b)(3) of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Refunding Bonds, have been or shall be issued by the Issuer or the Board, during the calendar year 2003, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Board and all entities which issue obligations on behalf of the Board shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefiting thereby

shall be treated as one issuer. None of the Refunding Bonds are part of a direct or indirect composite issue.

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

22. Notwithstanding the provisions of any order, ordinance or resolution of the Board heretofore adopted or entered, the Board hereby authorizes proceeds of the Refunding Bonds and the Prior Bonds, together with any Surplus Funds and tax revenues earmarked for payment of debt service on the Refunding Bonds (excluding any amounts in the Escrow Fund), to be deposited with the Commission and invested by the Commission in the West Virginia "Consolidated Investment Fund."

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

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

25. The President of the Board, the Secretary of the Board, and all other officers and employees of the Board are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Refunding Bonds to be duly and properly issued by the Board and delivered to the Underwriter as herein authorized and to otherwise facilitate the transaction contemplated by this Resolution and Order and the Bond Purchase Agreement, including but not limited to consulting with or applying to

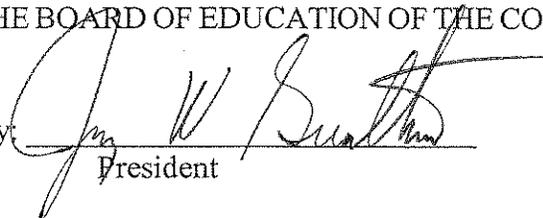
rating agencies to obtain a rating on the Refunding Bonds and consulting with or applying to insurance agencies for bond insurance for the Refunding Bonds, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

26. This Resolution and Order shall take effect immediately upon its adoption.

Adopted and entered of record this October 9, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By

A handwritten signature in black ink, appearing to read "Jim W. Smith", is written over a horizontal line. The signature is cursive and somewhat stylized.

President

CERTIFICATION

Certified a true, correct and complete copy of a Resolution and Order duly adopted and enacted by The Board of Education of the County of Roane at a regular meeting of the Board held at 7:00 p.m., on October 9, 2003, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this November 10, 2003.

[SEAL]

By: Stephen J. Goffreda
Secretary

EXHIBIT A - PRIOR BONDS TERMS

\$3,700,000

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

Public School Bonds, Series 1994

Dated: July 1, 1994

<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Payments</u>	<u>Annual Debt Service</u>
2004	\$160,000	7.00%	\$ 75,882.50	\$235,882.50
2005	170,000	5.50	140,565.00	310,565.00
2006	180,000	5.60	131,215.00	311,215.00
2007	190,000	5.70	121,135.00	311,135.00
2008	200,000	5.75	110,305.00	310,305.00
2009	215,000	5.80	98,805.00	313,805.00
2010	225,000	5.80	86,335.00	311,335.00
2011	240,000	5.80	73,285.00	313,285.00
2012	255,000	5.80	59,365.00	314,365.00
2013	275,000	5.30	44,575.00	319,575.00
2014	290,000	5.00	30,000.00	320,000.00
2015	310,000	5.00	15,500.00	325,500.00
TOTALS	<u>\$2,710,000</u>		<u>\$986,967.50</u>	<u>\$3,696,967.50</u>

EXHIBIT B - REFUNDING BONDS TERMS

\$2,900,000

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

Public School Refunding Bonds, Series 2003

Dated: November 1, 2003

<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Payments</u>	<u>Annual Debt Service</u>
2004	\$190,000	2.500%	\$44,206.25	\$234,206.25
2005	210,000	2.500	83,662.50	293,662.50
2006	215,000	2.500	78,412.50	293,412.50
2007	220,000	2.500	73,037.50	293,037.50
2008	225,000	2.500	67,537.50	292,537.50
2009	235,000	2.750	61,912.50	296,912.50
2010	240,000	3.000	55,450.00	295,450.00
2011	250,000	3.250	48,250.00	298,250.00
2012	260,000	3.500	40,125.00	300,125.00
2013	275,000	3.500	31,025.00	306,025.00
2014	280,000	3.625	21,400.00	301,400.00
2015	300,000	3.750	11,250.00	311,250.00
TOTALS	<u>\$2,900,000</u>		<u>\$616,268.75</u>	<u>\$3,516,268.75</u>

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Marie L. Prezioso, Senior Vice President of Ferris, Baker Watts, Incorporated (the "Purchaser"), for and on behalf of the Purchaser, and Jerry Greathouse, President of The Board of Education of the County of Roane (the "Issuer"), hereby certify as follows:

1. On November 20, 2003, in New York, New York, the Purchaser received the entire original issue of \$2,900,000 in aggregate principal amount of The Board of Education of the County of Roane (West Virginia) Public School Refunding Bonds, Series 2003 (the "Bonds"). The Bonds, as so received on original issuance, are dated November 1, 2003, are numbered, mature on May 1 of the years, bear interest at the rates and are in the respective denominations set forth in **EXHIBIT A** attached hereto and incorporated herein by reference, and are all fully registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds upon original issuance, they had been signed by Jerry Greathouse, as President of the Issuer, by his manual signature, and countersigned by Stephen F. Goffreda, as Secretary of the Issuer, by his manual signature, and the seal of the Issuer had been affixed upon such Bonds and the Bonds had been manually authenticated by United Bank, Inc., as Registrar.

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

Purchase Price (100% of par)	\$2,900,000.00
Plus: Net Original Issue Premium	10,459.95
Less: Underwriter's Discount	50,000.00
Plus: Accrued Interest (November 1, 2003 - November 20, 2003)	4,666.22
TOTAL	<u>\$2,865,126.17</u>

Payment for the Bonds was made in Federal Funds in the amount of \$2,865,126.17, on the date hereof.

WITNESS our respective signatures this 20th day of November, 2003.

FERRIS, BAKER WATTS, INCORPORATED

By: 
Senior Vice President

THE BOARD OF EDUCATION OF THE
COUNTY OF ROANE

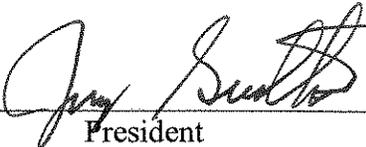
By: 
President

EXHIBIT A

\$2,900,000

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

<u>BOND NO.</u>	<u>CUSIP</u>	<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
R-1	769775 BZ 9	2004	\$190,000	2.50%
R-2	769775 CA 3	2005	210,000	2.50
R-3	769775 CB 1	2006	215,000	2.50
R-4	769775 CC 9	2007	220,000	2.50
R-5	769775 CD 7	2008	225,000	2.50
R-6	769775 CE 5	2009	235,000	2.75
R-7	769775 CF 2	2010	240,000	3.00
R-8	769775 CG 0	2011	250,000	3.25
R-9	769775 CH 8	2012	260,000	3.50
R-10	769775 CJ 4	2013	275,000	3.50
R-11	769775 CK 1	2014	280,000	3.625
R-12	769775 CL 9	2015	300,000	3.75

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

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

1. Bonds Nos. R-1 to R-12, inclusive, constituting the entire original issue of The Board of Education of the County of Roane (West Virginia) Public School Refunding Bonds, Series 2003, dated November 1, 2003, in the aggregate principal amount of \$2,900,000 (the "Bonds"), all as set forth in **EXHIBIT A**, attached hereto and made a part hereof, signed by the President and countersigned by the Secretary of The Board of Education of The County of Roane (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution and Order adopted by the Issuer on October 9, 2003 (the "Resolution").
2. A copy, duly certified by the Secretary, of the Resolution.
3. A signed, unqualified approving opinion of nationally recognized bond counsel designated by the Issuer and acceptable to the Purchaser.

You are hereby requested and authorized to authenticate, register and deliver the Bonds to CEDE & CO., as nominee of Depository Trust Company, on behalf of Ferris, Baker Watts, Incorporated, as the Purchaser thereof.

Dated this 20th day of November, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

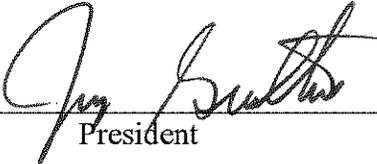
By: 
President

EXHIBIT A

\$2,900,000
The Board Of Education of the County of Roane
(West Virginia)
Public School Refunding Bonds, Series 2003

<u>BOND NO.</u>	<u>CUSIP</u>	<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
R-1	769775 BZ 9	2004	\$190,000	2.50%
R-2	769775 CA 3	2005	210,000	2.50
R-3	769775 CB 1	2006	215,000	2.50
R-4	769775 CC 9	2007	220,000	2.50
R-5	769775 CD 7	2008	225,000	2.50
R-6	769775 CE 5	2009	235,000	2.75
R-7	769775 CF 2	2010	240,000	3.00
R-8	769775 CG 0	2011	250,000	3.25
R-9	769775 CH 8	2012	260,000	3.50
R-10	769775 CJ 4	2013	275,000	3.50
R-11	769775 CK 1	2014	280,000	3.625
R-12	769775 CL 9	2015	300,000	3.75

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

No. R-1

\$190,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BOND,
SERIES 2003

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
2.50%	May 1, 2004	November 1, 2003	769775BZ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE, (West Virginia) a public corporation created and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said

Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on May 1 and November 1 in each year, beginning May 1, 2004 (each an "Interest Payment Date"), until maturity. The Treasurer of the State of West Virginia has designated United Bank, Inc., Charleston, West Virginia, as its agent to act in the capacity of registrar and transfer agent for the Bonds (the "Registrar"), and the West Virginia Municipal Bond Commission, Charleston, West Virginia, has been appointed by the Issuer to serve in the capacity of paying agent for the Bonds (the "Paying Agent").

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Paying Agent to the Registered Owner hereof as of the applicable Record Date (each April 15 and October 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Paying Agent by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Registrar, or, at the option of any Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Registrar at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia. The Issuer and the 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.

This Bond is one of a series of bonds of the Issuer designated as "Public School Refunding Bonds, Series 2003" (the "Bonds"), issued by the Issuer in the aggregate principal amount of \$2,900,000. The Bonds are in fully registered form, without coupons, and are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Act") and a Resolution and Order (the "Order") duly adopted by the Issuer on October 9, 2003, for the purpose of refunding the Issuer's Public School Bonds, Series 1994, currently outstanding in the aggregate principal amount of \$2,710,000 (the "Prior Bonds"). The terms and provisions of the Order are hereby incorporated by reference as if set forth fully herein.

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

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

The Bonds are not subject to redemption prior to maturity.

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, including the Act, and that legal provision has been made by the Issuer for the levy and collection of a direct annual tax sufficient in amount to meet the payment of the interest and principal hereof, which shall have precedence over all other taxes for any purpose whatever, except bond issues heretofore or hereafter authorized and issued under the five percent limitation provided

by the Better Schools Amendment of the Constitution of West Virginia, and said tax is levied outside the limits fixed by Section 1, Article X of the Constitution of the State of West Virginia in the manner provided by Sections 8 and 10, Article X of the State Constitution; that said levies do not exceed any constitutional or statutory limitations; and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limitation thereon.

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

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

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

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

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

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF ROANE has caused this Bond to be duly signed in its name and on its behalf by its President and countersigned by its Secretary and has caused its corporate seal to be hereto affixed in the manner provided in the Order, all as of November 20, 2003.

SPECIMEN

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

(SEAL)

By: *Jay Sullivan*
President

By: *Stephen J. Goffreda*
Secretary

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

SPECIMEN

Dated: November 20, 2003.

UNITED BANK, INC., as Registrar

By: *K. J. Smith*
Vice President

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.

SPECIMEN

Dated: _____, 20__.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

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

1. TERMS
2. NO LITIGATION
3. SALE OF BONDS; SIGNATURES
4. DELIVERY AND PAYMENT
5. CERTIFICATION OF BOND DOCUMENTS
6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
7. MEETINGS, ETC.
8. INCUMBENCY AND OFFICIAL NAME
9. INVESTMENT OF ESCROW FUND AND DEFEASANCE OF PRIOR BONDS
10. DESIGNATION OF REGISTRAR, PAYING AGENT AND ESCROW AGENT
11. ADDITIONAL CERTIFICATIONS
12. SPECIMEN BOND

The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Roane (West Virginia)(the "Issuer"), a public corporation of the State of West Virginia (the "State"), HEREBY CERTIFY, for and on behalf of the Issuer, to Ferris, Baker Watts, Incorporated, as original purchaser from the Issuer of the above-captioned bond issue, Goodwin & Goodwin, LLP, as bond counsel to the Issuer, and other interested parties as follows, jointly unless otherwise stated, all capitalized terms not otherwise defined herein to have the meanings given in the Resolution, herein defined:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Resolution and Order of the Issuer adopted October 9, 2003 (the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance, sale and delivery of the Bonds or the collection of the ad valorem tax levies or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance, sale and delivery of the Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Resolution, the Escrow Agreement, the Bond Purchase

Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement, the Official Statement or any other agreement or instrument relating thereto (collectively, the "Bond Documents"), the sale of the Bonds, the Refunding of the Prior Bonds, or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the President, Secretary and the members of the Board and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the authorization, sale and delivery of the Bonds; nor wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Issuer or adversely affect the power of the Issuer to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds.

3. SALE OF BONDS; SIGNATURES: The Bonds were sold to Ferris, Baker Watts, Incorporated, Charleston, West Virginia, upon a negotiated basis at the price of 100% of par, plus net original issue premium in the amount of \$10,459.95, plus accrued interest in the amount of \$4,666.22, less an underwriter's discount of \$50,000.00 (total of \$2,865,126.17). As of the date hereof, the Bonds were duly signed by the manual signature of the President and countersigned by the manual signature of the Secretary, and the official seal of the Issuer, which seal is impressed upon this Certificate, was affixed thereto.

4. DELIVERY AND PAYMENT: The undersigned President did, on the date hereof, deliver to the Purchaser, through DTC, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing in each of the years 2004 to 2015, and numbered R-1 to R-12, inclusive.

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

Purchase Price (100% of par)	\$2,900,000.00
Plus: Net Original Issue Premium	10,459.95
Less: Underwriter's Discount	50,000.00
Plus: Accrued Interest (November 1, 2003 - November 20, 2003)	4,666.22
TOTAL	<u>\$2,865,126.17</u>

5. CERTIFICATION OF BOND DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all 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:

Resolution and Order.

Minutes on Adoption of Resolution and Order (Meeting of October 9, 2003).

Bond Purchase Agreement.

Escrow Agreement.

Preliminary Official Statement.

Official Statement.

Continuing Disclosure Agreement.

S&P Rating Letter.

Accountants' Verification Report Regarding Bond Yield, Escrow Yield and Sufficiency of Escrow Fund.

Tax and Arbitrage Certificate.

Certificate of Chairman of Bond Commission.

6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 30, 2003. On the date hereof, the Issuer has defeased the lien of The Board of Education of the County of Roane Public School Bonds, Series 1994 (the "Prior Bonds"), on the ad valorem property taxes of the Roane County School District. Accordingly, the Board, as of the date hereof, has no outstanding obligations that have a lien on such tax revenues prior to or on a parity with that of the Bonds. Accordingly, as of the date hereof, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment.

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds or the refunding of the Prior Bonds were authorized or adopted at meetings of the Board of the Issuer duly and regularly called and held pursuant to all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected, qualified and acting 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 Roane" and it is a public corporation of the State of West Virginia, in Roane County of said state. The governing body of the Issuer consists of five members. The names and dates of commencement and termination of current terms of office of the members of the Issuer are as follows:

<u>Name and Office</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Jerry Greathouse, President	July 1, 2000	June 30, 2004
Cynthia Stutler, Vice President	July 1, 2000	June 30, 2004
Richard Boggs	July 1, 2002	June 30, 2006
Randy Whited	July 1, 2002	June 30, 2006
Garrett Samples	July 1, 2002	June 30, 2006

The duly appointed and acting Superintendent of Schools and Board Secretary is Stephen F. Goffreda.

The duly appointed and acting Attorney for the Issuer is Mark G. Sergent, Esq., Spencer, West Virginia.

9. INVESTMENT OF ESCROW FUND AND DEFEASANCE OF PRIOR BONDS: The funds on deposit in the Escrow Fund established by the Escrow Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent, dated as of November 1, 2003, have been invested as provided in the Escrow Agreement and the amount of such invested funds (together with certain cash amounts therein and interest thereon) is sufficient to pay the principal of and the interest on the Prior Bonds on the respective maturities and interest payment dates thereof and to pay the redemption price of the Bonds. Accordingly, the Prior Bonds have been discharged and the lien of the Resolution authorizing the Prior Bonds has been discharged as of the date hereof.

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

11. ADDITIONAL CERTIFICATIONS: In addition to the foregoing, the undersigned hereby certify, as follows:

(i) the representations, warranties and covenants of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the date hereof;

(ii) the Issuer validly exists under the laws of the State of West Virginia, including the State Constitution, with the right and power to sell the Bonds and to execute, deliver and perform its obligations under the Bond Purchase Agreement and the Bonds;

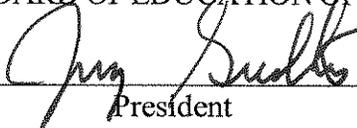
(iii) to our best knowledge, no litigation, proceeding or investigation, at law or in equity, before or by any court, any governmental agency or any public board or body is pending or threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds, (b) in any way contesting or affecting the authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, the Resolution or the Bond Purchase Agreement, or (c) in any way contesting the existence or powers of the Issuer; and

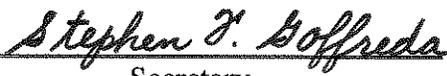
(iv) the representations, warranties and agreements of the Issuer in the Bond Purchase Agreement are true and correct in all material respects as of the date hereof.

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

WITNESS our signatures and the official corporate seal of THE BOARD OF EDUCATION OF THE COUNTY OF ROANE on this November 20, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: 
President

By: 
Secretary

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

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

1. TERMS
2. NO LITIGATION
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The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Roane (West Virginia)(the "Issuer"), a public corporation of the State of West Virginia (the "State"), HEREBY CERTIFY, for and on behalf of the Issuer, to Ferris, Baker Watts, Incorporated, as original purchaser from the Issuer of the above-captioned bond issue, Goodwin & Goodwin, LLP, as bond counsel to the Issuer, and other interested parties as follows, jointly unless otherwise stated, all capitalized terms not otherwise defined herein to have the meanings given in the Resolution, herein defined:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Resolution and Order of the Issuer adopted October 9, 2003 (the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance, sale and delivery of the Bonds or the collection of the ad valorem tax levies or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance, sale and delivery of the Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Resolution, the Escrow Agreement, the Bond Purchase

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\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

TAX AND ARBITRAGE CERTIFICATE

The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Roane, West Virginia (the "Issuer"), being officials of the Issuer duly charged with the responsibility for the issuance of the \$2,900,000 Public School Refunding Bonds, Series 2003, of the Issuer, dated November 20, 2003 (the "Bonds"), hereby certify as follows, jointly, unless otherwise stated, all capitalized terms used herein and not otherwise defined to have the meanings ascribed thereto in the Resolution and Order adopted by the Issuer on October 9, 2003 (the "Resolution"), pursuant to which the Bonds are issued:

A. DEFINITIONS

In addition to the terms defined in the Resolution, the following words and phrases shall have the following meanings:

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

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

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

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

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

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

"Bond Year" means the one-year periods during the term of the Bonds beginning on the second day of May of any calendar year and ending on the first day of May of the succeeding calendar year, provided, that the first Bond Year shall begin on the Date of Issue of the Bonds and end on May 1, 2004.

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

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

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

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

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

- (a) Underwriter's Discount;
- (b) counsel fees (including Bond, Underwriter's and Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);
- (c) financial advisor and placement agent fees incurred in connection with the issuance of the Bonds;
- (d) paying agent, disbursement agent, and registrar and authenticating agent fees related to issuance of the Bonds;

(e) accountant fees related to verification of yield and other matters in connection with issuance of the Bonds;

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

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

"Date of Issue" means November 20, 2003.

"Debt Service Account" means the fund described in Section B(10) hereof.

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

"Fair Market Value" of an Investment means the fair market value as determined under Section 1.148(d) of the Regulations and other applicable provisions of the Code.

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

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

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

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding

interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

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

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

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

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

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

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

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

"IRS" means the Internal Revenue Service.

"Issue Price" means \$2,910,459.95, being the initial offering price to the public at which price a substantial amount of the Bonds is sold, plus interest accrued thereon from the date thereof to the date of delivery thereof. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond

houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

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

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

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

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

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

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

"Present Value of an Investment" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all

unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"Prior Bonds" means the Issuer's Public School Bonds, Series 1994, dated July 1, 1994.

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

"Rebate Amount" means, in respect of the bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

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

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

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

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

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

"Replacement Proceeds" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally,

amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

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

"SLGS" means United States Treasury Obligations, State and Local Government Series.

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

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

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

"Underwriter" means Ferris, Baker Watts, Incorporated, Charleston, West Virginia.

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

"Valuation Date" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the

first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior bonds) and a refunding issue (i.e., the Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

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

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

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

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

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

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

B. GENERAL

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 20, 2003, 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.

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

6. The Bonds were sold and delivered on November 20, 2003, to Ferris, Baker Watts, Incorporated, Charleston, West Virginia (the "Original Purchaser") for a purchase price of \$2,900,000.00, plus net original issue premium in the amount of \$10,459.95, plus interest accrued thereon in the amount of \$4,666.22, less an underwriter's discount in the amount \$50,000.00 (total of \$2,865,126.17).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys necessary (i) to advance refund the Prior Bonds to their first redemption date, being May 1, 2004, and (ii) to pay costs of issuance of the Bonds and related costs. The purpose of the refunding is to achieve present value debt service savings and to make available to the Issuer accumulated tax levy moneys and earnings thereon relating to the Prior Bonds ("Surplus Funds"), which will be released to the Issuer as described in Section C(3).

8. The Prior Bonds were issued for the purposes of (i) providing funds to pay costs of acquisition, construction and equipping of capital improvements, repairs or replacements for those school facilities described in the bond election order adopted by the Issuer on May 10, 1994, in connection with the issuance of the Prior Bonds and (ii) paying costs of issuance of the Prior Bonds, and the Proceeds of the Prior Bonds were applied for such purposes.

9. The face amount of the Bonds is \$2,900,000. The sources and uses of proceeds of the Bonds in connection with the refunding of the Prior Bonds is as follows:

Sources:

Principal Amount of the Bonds	\$2,900,000.00
Net Original Issue Premium	10,459.95
Accrued Interest	<u>4,666.22</u>
Total	\$2,915,126.17

Uses:

Deposit to Escrow Fund (1)	\$2,824,930.59
Costs of Issuance Account	35,529.36
Underwriter's Discount	50,000.00
Accrued Interest	<u>4,666.22</u>
Total	\$2,915,126.17

10. The Underwriter has stated, in its certificate, a copy of which is attached hereto as EXHIBIT B - UNDERWRITER'S CERTIFICATE (the "Underwriter's Certificate") that all of the Bonds have been purchased directly by it at the initial offering prices set forth in the Official Statement relating to the Bonds, dated November 4, 2003. The computation of the yield on the Bonds has been determined by Smith, Cochran & Hicks, P.L.L.C., Certified Public Accountants, Charleston,

West Virginia, in their Verification Report dated November 20, 2003 (the "Verification Report"), using the present value method in accordance with Section 1.148-4 of the Regulations using a 360-day year, compounding interest semiannually. The yield on the Bonds, as so computed, has been determined to be 3.220189%, based on a "purchase price" equal to the Initial Issue Price for the Bonds.

C. THE REFUNDING

1. At the request of the Issuer, certain schedules (the "Schedules") have been prepared by Smith, Cochran & Hicks, P.L.L.C., Certified Public Accountants, and are attached to the Verification Report for purposes of detailing certain relevant aspects of the refunding. As more fully detailed on the Schedules and in the hereinafter described Escrow Agreement, the refunding program will be implemented generally as set forth below.

2. The Issuer has entered into an Escrow Agreement (the "Escrow Agreement"), dated November 20, 2003, by and between the Issuer and the West Virginia Municipal Bond Commission (the "Bond Commission"), as Escrow Agent. The Issuer and the Escrow Agent will cause Bond proceeds in the amount of \$2,824,930.59 to be deposited in the Escrow Fund, and thereupon \$2,824,930.00 applied to the purchase of United States Treasury Obligations and to hold the remaining \$.59 as cash, uninvested, in the Escrow Fund. The yield on the Escrow Fund will not exceed the yield on the Bonds.

3. Proceeds of the Bonds in the amount of \$35,529.36 shall, within 30 days of the Closing Date, be applied to payment of Costs of Issuance of the Bonds.

4. \$118,004.57 from funds in the Debt Service and Surplus Collection Accounts for the Prior Bonds will, on or after the Closing Date, be withdrawn by the Issuer and deposited either with a commercial bank eligible to receive such deposits or with the West Virginia Investment Management Board, and applied solely by the Issuer to costs of capital improvements, repairs or replacements for those school facilities described in the bond election order adopted by the Issuer in connection with the issuance of the Prior Bonds, no later than September 30, 2004.

5. Concurrently with the delivery of the Bonds, the balance of moneys then remaining in the Debt Service and Surplus Collection Accounts for the Prior Bonds at the Bond Commission, \$118,004.57 plus accrued interest, will be transferred by the Bond Commission to a Special Surplus Account established at the Bond Commission.

6. The funds in the Special Surplus Account will be available, if needed, to pay the principal of and interest on the Bonds and shall not be used for any other purpose until September 30, 2004. On or after September 30, 2004, the Issuer shall review the balances in the Debt Service Account for the Bonds and in the Special Surplus Account, and, upon determination in writing by the Issuer that sufficient reserves are on hand at the Bond Commission, the Issuer may withdraw all or a portion of the funds then remaining in the Special Surplus Account. All such funds withdrawn from the Special Surplus Account shall be applied solely by the Issuer to costs of capital improvements, repairs or replacements for those school facilities described in the bond election order adopted by the Issuer in connection with the issuance of the Prior Bonds. Each withdrawal request of the Issuer shall be specifically authorized by resolution of the Issuer. All funds released from the Special Surplus Account will be expended for their governmental purpose within 6 months from the date of such release. The Special Surplus Account shall be closed by the Bond Commission when all the funds therein have been withdrawn or used to pay debt service.

D. THE BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed in the Schedules to the Verification Report.

2. Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest, the yield on the Bonds is computed in the Schedules to be 3.220189% (the "Bond Yield").

3. Using the price paid for the United States Treasury Obligations purchased with Bond proceeds as the "purchase price," the yield on the United States Treasury Obligations is computed in the Schedules to be 0.946269% (the "Escrow Yield").

4. A Debt Service Account for the Bonds is established by the Bond Commission. Moneys deposited to the Debt Service Account, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds or as otherwise required by law. The Bonds all bear interest at a fixed interest rate. The Debt Service Account is designed to achieve a proper matching of the Issuer's revenues and

debt service on the Bonds within each Bond Year. All moneys held in the Debt Service Account will be used to pay debt service on the Bonds. All Sale Proceeds of the Bonds deposited in the Debt Service Account (if any) will constitute accrued interest on the Bonds and will be applied to pay interest on the Bonds on the first interest payment date, being May 1, 2004. To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, all moneys in the Debt Service Account will be invested without restriction as to yield and are not subject to rebate.

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

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

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

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

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

10. The Issuer hereby designates the Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code, and certifies that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds, have been or shall be issued by the Issuer, during the calendar year 2002, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefiting thereby shall be treated as one issuer.

E. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, the Debt Service Account and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) The Issuer hereby creates the Rebate Fund to be held by a commercial bank separate and apart from all other funds and accounts of the Issuer. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following

such Computation Date. Moneys so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Debt Service Account, (ii) Transferred Proceeds of the Bonds, and (iii) any other moneys held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

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

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Bonds,

any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

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

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

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed \$100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations

that is applicable to the Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

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

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

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Rebate on Prior Bonds. The Issuer acknowledges that the non-inclusion of gross income of interest on the Bonds depends upon compliance with the tax requirements (including the rebate requirement, if any) that apply to the Prior Bonds. The Issuer has determined that the Prior Bonds and Gross Proceeds thereof were not subject to rebate or has made all required rebate payments to the United States.

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

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

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

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

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

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment

or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Bonds.

F. MISCELLANEOUS

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

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201. The information set forth in EXHIBIT A - INFORMATION FOR PURPOSES OF IRS FORM 8038-G, attached hereto, is true and correct, and may be relied upon by Bond counsel in its preparation of IRS Form 8038-G.

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

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

5. The Issuer shall use the proceeds of the Bonds solely to accomplish the refunding of the Prior Bonds.

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

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

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

9. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

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

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

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

sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

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

14. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of and, interest on the Prior Bonds;

(b) the payment of pre-issuance accrued interest on the Bonds from the Date of Issue to the date hereof;

(c) the payment of the Costs of Issuance of the Bonds;

(d) the payment of administrative costs allocable to repaying the Prior Bonds, or carrying and repaying the Bonds, or the reasonable investments of Proceeds of the Bonds;

(e) Transferred proceeds allocable to expenditures for governmental purpose of the Prior Bonds;

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

(g) qualified guarantee fees (within the meaning of the Regulations) for the Bonds or the Prior Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

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

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

17. The Issuer will rebate to the United States the amount, if any, required by the Code and to 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 other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

19. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution.

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

21. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned PRESIDENT and the undersigned SECRETARY of the Issuer hereby in

good faith certify that the representations and covenants set forth in this Tax and Arbitrage Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Bonds.

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

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

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

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

WITNESS our signatures on this November 20, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: *Jim Beal*
President

By: *Stephen J. Soffreda*
Secretary

EXHIBIT A

INFORMATION FOR PURPOSES OF IRS FORM 8038-G

(a)	Issuer's employee identification number.....	55-6000396
(b)	Report number	2003-1
(c)	Date of issue.....	11/20/03
(d)	CUSIP number (last maturity)	769775 CL 9
(e)	Issue price of the Bonds (for Form 8038-G purposes only – <u>excludes</u> accrued interest)	\$2,900,000
(f)	Final maturity date	5/01/15
(g)	Stated redemption price at maturity	\$2,900,000
(h)	Weighted average maturity of bonds	6.354 years
(i)	Yield on bonds	3.220189%
(j)	Proceeds used for accrued interest	\$4,666.22
(k)	Proceeds used for bond issuance costs (including Underwriter's discount)	\$85,529.36
(l)	Proceeds used for credit enhancement	\$ -0-
(m)	Proceeds allocated to reasonably required reserve or replacement fund	\$ -0-
(n)	Proceeds used to currently refund prior issues.....	\$ -0-
(o)	Proceeds used to advance refund prior issues	\$2,824,930.59

(p)	Nonrefunding proceeds of the Bonds.....	\$ -0-
(q)	Remaining weighted average maturity of the Bonds to be currently refunded.....	-0- years
(r)	Remaining weighted average maturity of the Bonds to be advance refunded.....	6.658 years
(s)	Last date on which refunded bonds will be called.....	5/1/04
(t)	Date on which refunded bonds were issued.....	7/6/94
(u)	Amount of state volume cap.....	\$ -0-
(v)	Amount of Bonds designated by Issuer under §265(b)(3)(B)(i)(III).....	\$2,900,000
(w)	Amount of Gross Proceeds invested or to be invested in a guaranteed investment contract.....	\$ -0-

EXHIBIT B

\$2,900,000

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

Public School Refunding Bonds, Series 2003

UNDERWRITER'S CERTIFICATE

The undersigned Marie L. Prezioso, Senior Vice President of Ferris, Baker Watts, Incorporated, (the "Underwriter"), for and on behalf of the Underwriter, as purchasers of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. At least 10% of each maturity 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), made pursuant to the Bond Purchase Agreement (hereinafter the "Bond Purchase Agreement"), dated November 4, 2003, between The Board of Education of the County of Roane, West Virginia (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated November 4, 2003, relating to the Bonds, including interest accrued on the Bonds from November 1 to November 20, 2003. We have made a bona fide public offering of all Bonds at the public offering price. 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 November 1 to November 20, 2003.

2. The weighted average maturity of the Bonds is 6.354 years.

3. The weighted average maturity of the Prior Bonds (from the date hereof) is 6.658 years.

4. As calculated by the Underwriters and as verified by Smith, Cochran & Hicks, P.L.L.C., as verification agent, the yield on the Bonds is 3.220189% and the yield on the Escrow Fund is 0.9462688%.

(i) This certificate may be relied upon by the Issuer with respect to its Tax and Non-Arbitrage Certificate relating to the Bonds and by Goodwin & Goodwin, LLP, Bond Counsel, in rendering their tax opinion with respect to the Bonds.

WITNESS my signature this November 20, 2003.

FERRIS, BAKER WATTS, INCORPORATED

By: _____
Senior Vice President

Roane County Schools

P.O. Box 609
108 Chapman Avenue
Spencer, West Virginia 25276

Stephen F. Goffreda
Superintendent of Schools
Email: sgoffred@access.k12.wv.us

Voice: 304-927-6410
Fax: 304-927-6402
November 5, 2003

\$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

Rebecca Melton Craig, Esq., Chairman
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Dear Ms. Craig:

As evidenced by and in accordance with the attached Resolution and Order (the "Resolution"), The Board of Education of the County of Roane (the "Board") intends to issue the above-referenced bonds (the "Refunding Bonds") for the purpose of advance refunding the Board's Public School Bonds, Series 1994, dated July 1, 1994 (the "Prior Bonds"). In accordance with Section 1, Article 2, Chapter 13, of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Board hereby requests that you certify the amount of taxes expected to be available in each year for the payment of debt service on the Refunding Bonds. In accordance with the Refunding Act, the amount of taxes expected to be available in each year shall be based upon the rates of levy stipulated in the order (the "Order") directing the election at which the issuance of the Prior Bonds was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election.

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

Upon Class I property, approximately 6.93 cents.
Upon Class II property, approximately 13.86 cents.
Upon Class III property, approximately 27.72 cents.
Upon Class IV property, approximately 27.72 cents.

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

Class I	\$ 12,250,663
Class II	64,724,579
Class III	82,243,744
Class IV	<u>20,972,901</u>
TOTAL	<u>\$180,191,887</u>

The Prior Bonds will be paid with the proceeds of the Refunding Bonds and other available moneys; thus, after the refunding the Board will have no other bonds issued and outstanding other than the Refunding Bonds. The estimated debt service requirements on the Refunding Bonds are set forth in Schedule A, attached hereto.

Respectfully yours,

THE BOARD OF EDUCATION OF THE
COUNTY OF ROANE

By: Stephen J. Goffreda
Secretary and Superintendent of the
Roane County Schools

Copy to:

W.K. Bragg, Jr., Esq.
Ms. Marie L. Prezioso

SCHEDULE A

\$2,900,000

The Board of Education of the County of Roane

(West Virginia)

Public School Refunding Bonds, Series 2003

<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Payments</u>	<u>Annual Debt Service</u>
2004	\$190,000	2.500%	\$44,206.25	\$234,206.25
2005	210,000	2.500	83,662.50	293,662.50
2006	215,000	2.500	78,412.50	293,412.50
2007	220,000	2.500	73,037.50	293,037.50
2008	225,000	2.500	67,537.50	292,537.50
2009	235,000	2.750	61,912.50	296,912.50
2010	240,000	3.000	55,450.00	295,450.00
2011	250,000	3.250	48,250.00	298,250.00
2012	260,000	3.500	40,125.00	300,125.00
2013	275,000	3.500	31,025.00	306,025.00
2014	280,000	3.625	21,400.00	301,400.00
2015	300,000	3.750	11,250.00	311,250.00
TOTALS	<u>\$2,900,000</u>		<u>\$616,268.75</u>	<u>\$3,516,268.75</u>



WEST VIRGINIA
MUNICIPAL BOND COMMISSION

Suite 500
8 Capitol Street

Charleston, West Virginia 25301
(304) 558-3971 / 72
FAX (304) 558-1280

REBECCA MELTON CRAIG
State Tax Commissioner
Chair

JOHN D. PERDUE
State Treasurer

GLEN B. GAINER III
State Auditor

LARRY CHAPMAN
Member

JOHN ROACH
Member

R. WITTER HALLAN
Executive Director

\$2,900,000 THE BOARD OF EDUCATION OF
THE COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

CERTIFICATE OF THE CHAIRMAN OF THE WV MUNICIPAL BOND COMMISSION

I, the undersigned, Rebecca Melton Craig, hereby certify as follows:

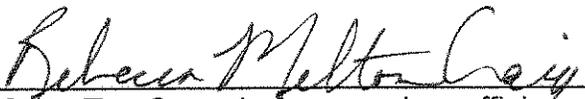
1. I am the duly appointed Tax Commissioner, and ex officio the Chairwoman of the West Virginia Municipal Bond Commission.
2. This certificate is delivered in response to a letter request, dated November 5, 2003, from The Roane County Board of Education, West Virginia, and pursuant to Chapter 13, Article 2, Section 1, of the Code of West Virginia, 1931, as amended.
3. According to the information provided to the Commission, on or about November 20, 2003, the Roane County Board of Education will issue its Series 2003 Public School Refunding Bonds, dated November 1, 2003, in the principal amount of \$2,900,000, with interest rates of 2.50 to 3.75%. This issue will refund its Series 1994 Public School Bonds, dated July 1, 1994, with remaining principal outstanding of \$ 2,710,000 and an interest rate of 5.0 to 7.0%.

4. The amount of taxes expected to be available in each year for the purpose of paying debt service on the Series 2003 Refunding Bonds, and the projected debt service of those bonds are as follows:

<u>Tax Year Beginning July 1</u>	<u>Taxes Available</u>	<u>Projected Debt Service</u>
2003	341,340	234,206.25
2004	341,340	293,662.50
2005	341,340	293,412.50
2006	341,340	293,037.50
2007	341,340	292,537.50
2008	341,340	296,912.50
2009	341,340	295,450.00
2010	341,340	298,250.00
2011	341,340	300,125.00
2012	341,340	306,025.00
2013	341,340	301,400.00
2014	341,340	311,250.00
		<u>\$ 3,516,268.75</u>

5. The total debt service on the Series 2003 Refunding Bonds will be \$3,516,268.75 or \$180,698.75 less than the remaining debt service on the Series 1994 Bonds. The debt service due each year on the Series 2003 Refunding Bonds does not exceed the taxes expected to be available for the payment of the same, and the total debt service does not exceed the total remaining authorized levy of \$ 4,086,672.25

WITNESS my signature this 18th day of November 2003.



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

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

CERTIFICATE OF REGISTRAR

The undersigned Kelli H. Davis, Vice President, of United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution and Order of The Board of Education of the County of Roane (West Virginia) (the "Issuer") adopted October 9, 2003 (the "Resolution"):

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

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

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

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

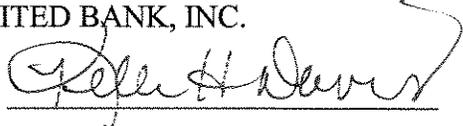
<u>Name</u>	<u>Title</u>	<u>Signature</u>
Kathy Smith	Vice President	

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

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

IN WITNESS WHEREOF, United Bank, Inc., has caused this Certificate to be executed by a duly authorized officer, this November 20, 2003.

UNITED BANK, INC.

By: 

Its: Vice President

SCHEDULE A

\$2,900,000

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

Public School Refunding Bonds, Series 2003

<u>BOND NO.</u>	<u>CUSIP</u>	<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
R-1	769775 BZ 9	2004	\$190,000	2.50%
R-2	769775 CA 3	2005	210,000	2.50
R-3	769775 CB 1	2006	215,000	2.50
R-4	769775 CC 9	2007	220,000	2.50
R-5	769775 CD 7	2008	225,000	2.50
R-6	769775 CE 5	2009	235,000	2.75
R-7	769775 CF 2	2010	240,000	3.00
R-8	769775 CG 0	2011	250,000	3.25
R-9	769775 CH 8	2012	260,000	3.50
R-10	769775 CJ 4	2013	275,000	3.50
R-11	769775 CK 1	2014	280,000	3.625
R-12	769775 CL 9	2015	300,000	3.75

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

CERTIFICATE OF PAYING AGENT AND ESCROW AGENT

The undersigned R. WITTER HALLAN, Executive Director of the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Bond Commission"), hereby certifies as follows:

1. I am the duly appointed Executive Director of the Bond Commission.

2. The Bond Commission has duly authorized, by all necessary action, the acceptance of all duties of the Paying Agent for the above-captioned Bonds (the "Bonds") under the Resolution and Order pursuant to which they were issued, and of Escrow Agent under the Escrow Agreement dated as of November 1, 2003, between The Board of Education of The County of Roane (West Virginia) (the "Issuer") and the Bond Commission (the "Escrow Agreement").

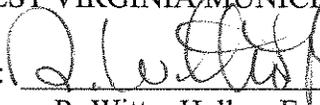
3. As Executive Director, I am duly authorized to execute and deliver on behalf of the Bond Commission the Escrow Agreement.

4. By such execution and delivery of the Escrow Agreement and this Certificate, the Bond Commission evidenced its acceptance of, and hereby accepts the duties of Paying Agent for the Bonds and Escrow Agent as set forth in the Escrow Agreement and as required by Chapter 13, Article 2 of the West Virginia Code of 1931, as amended.

5. Pursuant to the Escrow Agreement, as of this day there is on deposit in the Escrow Fund established pursuant to the Escrow Agreement, the United States Treasury Obligations described in EXHIBIT A attached hereto and incorporated herein by reference, and the cash sum of \$.59, which will remain uninvested in the Escrow Fund to pay, when due, the principal of and interest on the Issuer's Public School Bonds, Series 1994, all as set forth in the Escrow Agreement.

WITNESS my signature as of the 20th day of November, 2003.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: 

R. Witter Hallan, Executive Director

EXHIBIT A

UNITED STATES TREASURY OBLIGATION

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
\$2,824,930	0.950%	November 20, 2003	May 1, 2004

\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2003

UNDERWRITER'S CERTIFICATE

The undersigned Marie L. Prezioso, Senior Vice President of Ferris, Baker Watts, Incorporated, (the "Underwriter"), for and on behalf of the Underwriter, as purchasers of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. At least 10% of each maturity 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), made pursuant to the Bond Purchase Agreement (hereinafter the "Bond Purchase Agreement"), dated November 4, 2003, between The Board of Education of the County of Roane, West Virginia (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated November 4, 2003, relating to the Bonds, including interest accrued on the Bonds from November 1 to November 20, 2003. We have made a bona fide public offering of all Bonds at the public offering price. 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 November 1 to November 20, 2003.

2. The weighted average maturity of the Bonds is 6.354 years.

3. The weighted average maturity of the Prior Bonds (from the date hereof) is 6.658 years.

4. As calculated by the Underwriters and as verified by Smith, Cochran & Hicks, P.L.L.C., as verification agent, the yield on the Bonds is 3.220189% and the yield on the Escrow Fund is 0.9462688%.

(i) This certificate may be relied upon by the Issuer with respect to its Tax and Non-Arbitrage Certificate relating to the Bonds and by Goodwin & Goodwin, LLP, Bond Counsel, in rendering their tax opinion with respect to the Bonds.

WITNESS my signature this November 20, 2003.

FERRIS, BAKER WATTS, INCORPORATED

By: 
Senior Vice President

COPY

LAW OFFICES

GOODWIN & GOODWIN, LLP

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PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

November 17, 2003

Mr. R. Witter Hallan, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, WV 25301

Re: Refunding of The Board of Education of the County of Roane
Public School Bonds, Series 1994

Dear Witter:

On behalf of The Board of Education of the County of Roane, West Virginia (the "Board"), I wish to advise you that the Board is refunding the above-referenced bonds, which are outstanding in the aggregate principal amount of \$2,710,000 (the "Prior Bonds"). The refunding is scheduled to close on November 20, 2003.

In connection with the refunding, the Board will use a portion of the proceeds of its Public School Refunding Bonds, Series 2003 (the "Refunding Bonds"), issued in the aggregate principal amount of \$2,900,000, to pay the costs of issuance of the Refunding Bonds and to purchase certain United States Treasury Obligations ("SLGS"). The SLGS will be deposited with the Commission pursuant to the terms of an Escrow Agreement, to be held in trust and irrevocably dedicated solely to the payment of principal of and interest on the Prior Bonds as the same come due, to and including the first redemption date of May 1, 2004.

The funds then remaining with the Commission in the sinking fund for the Prior Bonds, currently estimated to be in excess of \$335,000, will no longer be earmarked or needed for the purpose of amortizing the Prior Bonds and may be applied to the payment of debt service on the Refunding Bonds and withdrawn by and released to the Board. Any surplus funds withdrawn by the Board will be used solely and exclusively for payment or repayment of costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, that were specified in the bond election

GOODWIN & GOODWIN, LLP

November 17, 2003

Page 2

referendum approved by the voters of Roane County on May 10, 1994, and for no other purposes.

The Board hereby notifies the Commission that the Refunding Bonds will be issued, the Prior Bonds will be defeased, and the activities described above will occur on or after November 20, 2003. Please call me if you have any questions or need additional information.

Sincerely yours,



William K. Bragg, Jr.

WKB/aks

cc: Mr. Stephen Goffreda
Ms. Marie L. Prezioso



\$2,900,000

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

Public School Refunding Bonds, Series 2003

JOINT CERTIFICATE OF ISSUER AND ESCROW AGENT

The undersigned Jerry Greathouse, President of the Board of Education of the County of Roane, a public corporation of the State of West Virginia (the "Issuer"), and the undersigned R. WITTER HALLAN, Executive Director of the West Virginia Municipal Bond Commission (the "Escrow Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

1. We have executed the Escrow Agreement between the Issuer and the Escrow Agent, dated as of November 1, 2003 (the "Escrow Agreement"), on behalf of the Issuer and the Escrow Agent, respectively.

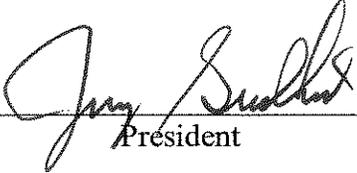
2. The Escrow Agent has the authority to act as Escrow Agent for and in connection with the Prior Bonds and has the requisite powers to carry out its duties under the Escrow Agreement, and the Escrow Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the Issuer, the Escrow Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms.

3. The funds on deposit in the Escrow Fund established by the Escrow Agreement have been invested as provided in the Escrow Agreement.

4. The invested funds are shown by the Exhibits to the Escrow Agreement to be in amounts sufficient to fully pay the Prior Bonds described in the Escrow Agreement, including payment of the principal of, and interest on, the Prior Bonds on their respective maturity dates, and the lien of the Prior Bonds and the ordinances, orders and resolutions pursuant to which the Prior Bonds were issued have been discharged.

WITNESS our signatures this November 20, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: 
President

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: 
Executive Director

[Letterhead of WesBanco Bank, Inc.]

NOTICE OF DEFEASANCE

\$3,700,000

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

PUBLIC SCHOOL BONDS, SERIES 1994

DATED JULY 14, 1994

CUSIPS 769775 BM 8, 769775 BN 6, 769775 BP 1, 769775 BQ 9,
769775 BR 7, 769775 BS 5, 769775 BT 3, 769775 BU 0, 769775 BV 8,
769775 BW 6, 769775 BX 4, 769775 BY 2

TO ALL REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS

NOTICE IS HEREBY GIVEN by The Board of Education of the County of Roane, West Virginia (the "Issuer"), that all Public School Bonds, Series 1994 (the "Bonds"), issued by the Issuer, on behalf of the Roane County School District, originally issued in the aggregate principal amount of \$3,700,000 and outstanding on the date hereof in the aggregate principal amount of \$2,710,000, have been advance refunded as of this date to their first redemption date, being May 1, 2004, and are deemed to have been paid in accordance with the provisions of Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended, and the lien on the ad valorem property taxes in said School District on behalf of the Bonds has been defeased. Sufficient United States Treasury Securities have been purchased (together with certain cash amounts) and are irrevocably credited to the West Virginia Municipal Bond Commission, as Escrow Agent, to pay the principal of and interest on such Bonds as the same become due and payable to and including May 1, 2004, and on such date, to redeem the then outstanding Bonds in full in accordance with the redemption provisions thereof.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

Notice Mailed By: WesBanco Bank, Inc., as Registrar

Dated: November 20, 2003

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption or equivalent when presenting your securities.

Neither the Issuer nor the Registrar shall be responsible for the use of the CUSIP numbers indicated, nor is any representation made as to their correctness herein or as printed on any bond. They are included solely for the convenience of the holder.

NOTICE OF FULL REDEMPTION ON MAY 1, 2004 OF
\$3,700,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL BONDS SERIES 1994
DATED JULY 1, 1994

NOTICE IS HEREBY GIVEN by The Board of Education of the County of Roane, West Virginia (the "Issuer"), pursuant to the applicable provisions of the governing documents of the above captioned Bonds (the "Bonds"), that the herein-described Bonds are called for redemption prior to their maturity and will be redeemed on May 1, 2004 (the "Redemption Date"). Redemption will be made by payment of the principal amount of each such Bond, together with interest accrued to the Redemption Date, plus applicable premium, if any. From and after May 1, 2004, interest on the Bonds shall cease to accrue and any lien or interest in or to any pledge of security or collateral for the Bonds hereby called shall also cease and become null on the Redemption Date.

The following Bonds will be redeemed and paid upon presentation to the office shown below.

<u>CUSIP</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Amount</u>	<u>Price</u>
769775 BM 8	5/01/2004	7.00%	\$160,000	100%
769775 BN 6	5/01/2005	5.50	170,000	102%
769775 BP 1	5/01/2006	5.60	180,000	102%
769775 BQ 9	5/01/2007	5.70	190,000	102%
769775 BR 7	5/01/2008	5.75	200,000	102%
769775 BS 5	5/01/2009	5.80	215,000	102%
769775 BT 3	5/01/2010	5.80	225,000	102%
769775 BU 0	5/01/2011	5.80	240,000	102%
769775 BV 8	5/01/2012	5.80	255,000	102%
769775 BW 6	5/01/2013	5.30	275,000	102%
769775 BX 4	5/01/2014	5.00	290,000	102%
769775 BY 2	5/01/2015	5.00	310,000	102%

Payment of the Bonds called for Redemption will be made upon presentation and surrender of said Bonds. In the case of any registered Bonds to be redeemed in part only, upon presentation of such Bond for redemption, there will be issued in lieu of the unredeemed principal portion a new bond(s) equal to such unredeemed portion.

Called or Matured Bonds should be presented as follows:

By U.S. Mail or By Overnight or Courier Delivery:
WesBanco Bank, Inc., as Registrar
One Bank Plaza
Wheeling, WV 26003
Attn: Corporate Trust
(304) 234-9436

When inquiring about this redemption, please have the Bond number available.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

Notice Mailed By: WesBanco Bank, Inc., as Registrar

Dated: March 15, 2004

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption or equivalent when presenting your securities.

Neither the Issuer nor the Registrar shall be responsible for the use of the CUSIP numbers indicated, nor is any representation made as to their correctness herein or as printed on any bond. They are included solely for the convenience of the holder.

COPY

LAW OFFICES

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201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

Reply To: Charleston

November 18, 2003

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003
Attention: Corporate Trust Department

Re: Defeasance and Redemption of The Board of Education
of the County of Roane Public School Bonds
Series 1994
Dated: July 1, 1994

Dear Jan:

As bond counsel for The Board of Education of Roane (the "Issuer"), I wish to advise you that on November 20, 2003 (the "Closing Date"), the Issuer will deliver its Public School Refunding Bonds, Series 2003 (the "Bonds") to Ferris, Baker Watts, Incorporated (the "Purchaser"). Proceeds of the Bonds will be used to advance refund the Issuer's Public School Bonds, Series 1994, dated July 1, 1994, originally issued in the aggregate principal amount of \$3,700,000, as set forth in the attached Schedule (collectively, the "Refunded Bonds"). WesBanco Bank, Inc. is the Registrar and Paying Agent for the Refunded Bonds.

On the Closing Date, the Issuer will fund an Escrow Fund, pursuant to an Escrow Agreement dated November 20, 2003, by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), as Escrow Agent. The Escrow Fund will be funded with proceeds of the Bonds and funds currently on deposit with the Commission. The amounts deposited in the Escrow Fund will be applied in accordance with the Escrow Agreement and the Funds Wiring Memorandum attached hereto. The receipts from SLGS to be purchased and retained in the Escrow Fund will be sufficient to pay on May 1, 2004 (the "Redemption Date"), the interest accrued on the Prior Bonds, the principal of the Prior Bonds maturing on that date, and the remaining Prior Bonds at a redemption price of 102%.

GOODWIN & GOODWIN, LLP

November 20, 2003

Page 2

As Registrar for the Refunded Bonds, you are hereby authorized and directed to mail defeasance and redemption notices substantially in the forms attached hereto, at the times, to the addressees and otherwise in accordance with provisions of the Refunded Bonds. Please send your invoice for such services to me, and I will promptly forward it to the Issuer for payment.

If you have any questions regarding the foregoing, please feel free to call me.

Sincerely yours,



William K. Bragg, Jr.

WKB/aks

Attachment

cc: Mr. R. Witter Hallan
Ms. Marie L. Prezioso
Mr. Stephen Goffreda

ESCROW AGREEMENT

By and Between

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA), as Issuer,

and

WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent

Dated as of November 1, 2003

ROANE COUNTY BOARD OF EDUCATION

ESCROW AGREEMENT

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EXHIBIT A - VERIFICATION REPORT A-1

ESCROW AGREEMENT

This ESCROW AGREEMENT, made and entered into as of November 1, 2003, by and between THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (WEST VIRGINIA) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent (the "Commission" or the "Escrow Agent").

WITNESSETH THAT:

WHEREAS, on July 6, 1994, the Issuer issued its Public School Bonds, Series 1994, in the original aggregate principal amount of \$3,700,000, of which \$2,710,000 is presently outstanding (the "Prior Bonds");

WHEREAS, the Issuer has determined to issue its Public School Refunding Bonds, Series 2003 (the "Refunding Bonds"), pursuant to a Resolution and Order adopted and entered on October 9, 2003 (the "Resolution"), and contemporaneously therewith, legally defease the Prior Bonds by applying proceeds of the Refunding Bonds, together with certain moneys currently on deposit with the Escrow Agent from tax levies imposed in connection with the Prior Bonds ("Issuer's Funds") to the purchase of obligations of the United States government to be deposited, together with certain cash amounts, in the Escrow Fund herein described;

WHEREAS, the Commission, as Escrow Agent, will cause to be purchased on behalf of the Issuer, with such Refunding Bonds proceeds and Issuer's Funds, certain United States Treasury Obligations (the "Government Securities") described in the Verification Report, dated November 20, 2003, of Smith Cochran & Hicks, P.L.L.C., Charleston, West Virginia, a firm of independent certified public accountants, attached hereto as EXHIBIT A - VERIFICATION REPORT (the "Verification Report");

WHEREAS, the Government Securities, plus residual cash amounts in the Escrow Fund, shall be in such principal amount and mature and bear interest at such rates and shall be payable at such times and in such amounts as to pay on May 1, 2004 (the "Redemption Date"), the interest accrued on the Prior Bonds, the principal of the Prior Bonds maturing on that date, and the remaining Prior Bonds at a redemption price of 102%, being \$2,836,882.50 (the "Redemption Price"), through the original final maturity date thereof, being May 1, 2015;

WHEREAS, the Issuer has found it desirable to appoint the Commission as Escrow Agent and the Commission has agreed to such appointment for the purposes of holding title, as agent for the Issuer, to the Government Securities, receiving payments of the principal thereof and interest thereon when due, disbursing to the paying agent for the Prior Bonds, on the appropriate dates, the amounts necessary to pay the principal of and interest on the Prior Bonds as the same become due and on the Redemption Date, to pay the Redemption Price thereof, and holding and investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement; and

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

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

1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent, to be maintained in a separate and discrete deposit account, an irrevocable trust fund to be known as the Escrow Fund, to be held in the custody of the Escrow Agent, separate and apart from all other funds of the Issuer and the Escrow Agent. The deposit of securities or moneys in the Escrow Fund shall constitute an irrevocable deposit of said securities or moneys in trust for, and such moneys and securities, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, solely to the payment of the principal of and interest on the Prior Bonds and on the Redemption Date, to pay the Redemption Price thereof, all in accordance with paragraph 4 hereof.
2. Creation of Special Surplus Account. In addition to the Escrow Fund, there is hereby created and established with the Commission a special account separate and apart from the Escrow Fund, hereby designated the "Special Surplus Account."
3. Deposits to Escrow Fund. Concurrently with the delivery of the Refunding Bonds, the Issuer and the Escrow Agent shall cause Refunding Bonds proceeds in the amount of \$2,824,930.00, plus cash in the amount of \$.59, to be deposited in the Escrow Fund, and thereupon \$2,824,930.00 to be applied to the

purchase of the Government Securities and to hold the remaining \$.59 as cash, uninvested, in the Escrow Fund. Maturing principal and interest of the Government Securities, together with the uninvested cash in the Escrow Fund, if any, shall be applied solely to the payment, when due, of the principal of and interest on the Prior Bonds and on the Redemption Date, to pay the Redemption Price thereof. Smith Cochran & Hicks, P.L.L.C., has certified, in its Verification Report, attached hereto as EXHIBIT A, that the Government Securities, together with the income to be derived therefrom and the uninvested cash, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Prior Bonds and to pay the Redemption Price on the Redemption Date. The Issuer hereby authorizes and directs the Escrow Agent to purchase the Government Securities.

4. Application of Escrow Fund. The Escrow Agent, without further authorization from the Issuer, shall transfer from the Escrow Fund and deposit directly with the paying agent for the Prior Bonds, in immediately available funds on May 1, 2004, amounts sufficient to pay the principal of, interest and redemption premium on the Prior Bonds.

5. Purposes and Powers. Moneys in the Escrow Fund shall, and the Escrow Agent agrees such moneys will, be used solely for the purpose as above described and the deposit of such moneys into the Escrow Fund shall be irrevocable, and the Escrow Agent agrees it will not surrender or otherwise attempt to redeem or otherwise negotiate the investments in the Escrow Fund, except as they shall come due, unless such redemption or negotiation shall be in connection with the purchase of other securities permitted by the laws of the State of West Virginia, and the Escrow Agent shall have received (a) the written request of the Issuer for such purchase and setting forth the procedures to be followed, (b) an opinion by an independent certified public accountant (the "Accountant") that after such reinvestment the principal amount of the substituted securities, together with the earnings thereon and any beginning cash balance that is being held uninvested, will be sufficient to make the payments described in the first paragraph of this Section 4, and (c) an unqualified opinion of nationally recognized bond counsel (acceptable to the Issuer) familiar with the transactions contemplated by this Escrow Agreement to the effect that (i) such reinvestment will not cause the Prior Bonds or the Refunding Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") or the regulations in effect thereunder and applicable to the Prior Bonds or the Refunding Bonds, and (ii) such reinvestment complies with the Constitution and laws of the State of West Virginia

and the provisions of all relevant documents relating to the issuance of the Prior Bonds. Subject to the foregoing requirements for the use of the Escrow Fund and the moneys and investments therein, the Issuer covenants and agrees that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Fund and moneys and investments therein and that the Issuer shall not exercise any control or authority over and with respect to the Escrow Fund and the moneys and investments therein.

6. Deposit to Special Surplus Account. Concurrently with the delivery of the Refunding Bonds (i) all moneys on deposit in the Debt Service Account for the Prior Bonds as of November 20, 2003, less the sum of \$99,130.43, which shall remain in the Debt Service Account ("Deposited Funds"), shall be transferred by the Commission to the Special Surplus Account. \$118,004.57 of such funds on deposit in the Special Surplus Account shall, on the Closing Date, or as soon thereafter as possible, be paid by check from the Escrow Agent to the Issuer, and applied solely by the Issuer to payment of costs of capital improvements, repairs or replacements to school facilities in Roane County School District, which were specified in the bond referendum approved by the voters of Roane County, West Virginia, on May 10, 1994.

7. Balances in Special Surplus Account. The Deposited Funds then remaining in the Special Surplus Account shall be available, if needed, to pay the principal of and interest on the Refunding Bonds coming due on May 1, 2004, and thereafter, as set forth below, and shall not be used for any other purpose until September 30, 2004. On or after September 30, 2004, the Issuer shall review the balances in the Debt Service Account for the Refunding Bonds and in the Special Surplus Account, and, upon determination in writing by the Issuer that sufficient reserves are on hand at the Bond Commission, the Issuer may withdraw all or a portion of the funds then remaining in the Special Surplus Account. All such funds withdrawn from the Special Surplus Account shall be applied solely by the Board to payment or repayment of costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, which were specified in the bond referendum approved by the voters of Roane County, West Virginia on May 10, 1994. Each withdrawal request of the Board shall be specifically authorized by resolution of the Board. The Special Surplus Account shall be closed by the Commission when all the funds therein have been withdrawn or used to pay debt service as provided in this section.

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

9. Timing Inefficiencies. If, at any time, the Government Securities then held as an investment in the Escrow Fund mature or payments are made thereon to the Escrow Agent or the Escrow Agent otherwise holds or receives cash in advance of the time such cash is needed to make payment on the Prior Bonds, such amounts shall be reinvested as provided in Section 4 hereof; provided that:

(a) such moneys shall be invested only in Obligations of the United States of America which mature not later than the date on which the funds invested therein will be needed to make payments on the Prior Bonds;

(b) such moneys shall be invested only in Obligations of the United States of America which mature in an amount, together with interest thereon, not less than the full amount paid by the Escrow Agent to acquire such investments; and

(c) the composite yield on such Obligations of the United States of America may not exceed the yield on the Refunding Bonds.

10. Termination of This Escrow Agreement. This Escrow Agreement shall terminate when the Prior Bonds have been discharged and cancelled in accordance with the provisions hereof. If any Prior Bonds are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Escrow Agreement; funds for the payment of any nonpresented Prior Bonds hereby shall, upon termination of this Escrow Agreement, be held by the Escrow Agent in accordance with the terms hereof. Any money or Government Securities held in the Escrow Fund at termination and not required for the payment of the principal of and

interest on any of the Prior Bonds shall be paid or transferred to the Issuer, or to a third party at the Issuer's written direction, pursuant to the terms hereof.

11. Escrow Agent's Fees. The Issuer agrees to pay the Escrow Agent's reasonable and customary administrative fees and to reimburse the Escrow Agent for its reasonable and customary out-of-pocket expenses and reasonable fees of counsel incurred in connection with the discharge by the Escrow Agent of its duties and responsibilities under this Escrow Agreement. The Escrow Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Fund. Under no circumstances shall the Escrow Agent have a lien on the Escrow Fund for any charges, fees or expenses, and under no circumstances shall the Escrow Agent make any claim against the Escrow Fund for any charges, fees or expenses. Earnings from reinvestment proceeds described in Section 8 above may be used to pay Escrow Agent fees and fees for the paying agent for the Prior Bonds. To the extent such earnings are insufficient for such purposes, the Issuer will pay all Escrow Agent fees and fees of the paying agent for the Prior Bonds.

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

insured by the Federal Deposit Insurance Corporation and which has trust powers to be the successor Escrow Agent, whereupon such successor Escrow Agent shall immediately succeed to the respective agreements and covenants hereunder.

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

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

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

(b) The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer of any obligation, or to protect any of the Issuer's

rights under any bond resolution or any of said Issuer's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any corporation or individual; and the Escrow Agent shall not be liable for any act done or step taken or omitted by the Escrow Agent or any mistake of fact or law or for anything which the Escrow Agent may do or refrain from doing, except for its negligence or its willful default in the performance of any obligation imposed upon the Escrow Agent hereunder. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Prior Bonds or any proceedings taken in connection therewith, as they are made solely by the Issuer.

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

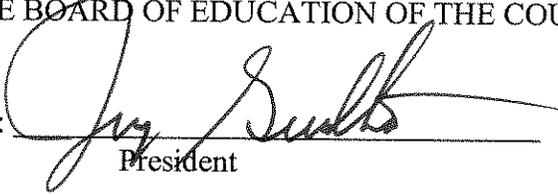
16. Successors and Assigns. All of the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

17. Governing Law. This Escrow Agreement shall be governed by the applicable law of the State of West Virginia.

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

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

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: 
President

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: 
Executive Director

EXHIBIT A - VERIFICATION REPORT

[Included as Transcript Document No. 17]

SUBSCRIPTION FOR PURCHASE AND ISSUE OF
U.S. TREASURY SECURITIES
STATE AND LOCAL GOVERNMENT SERIES
TIME DEPOSIT

See Instructions On Back

Pursuant to the provisions of the Department of the Treasury Circular, Public Debt Series No. 3-72, current revision (31 CFR Part 344), the undersigned hereby subscribes for the purchase of State and Local Government Series securities. The undersigned certifies that this subscription complies with the requirements in 31 CFR Part 344.

SUBSCRIPTION STATUS: (Check one) NEW CHANGE CANCEL

SUBSCRIPTION ISSUE AMOUNT: \$ 2,824,930 ISSUE DATE: 11 / 20 / 3
MM DD YY

STATE OR LOCAL GOVERNMENT BODY:

Taxpayer Identification Number: 55 - 6000396

Name: The Board of Education of the County of Roane (West Virginia)

Address: 108 Chatman Avenue

City: Spencer State: WV ZIP Code: 25276

Contact Person: David Kinison

Telephone: (304) 927-6410 Fax: (304) 927-6402

TRUSTEE BANK: (As appointed by State or Local Government Body)

ABA Routing Number: _____

Name: _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Contact Person: _____

Telephone: _____ Fax: _____

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

(Organization)

Stephen F. Goffreda (Superintendent)

(Name and Title)

Stephen F. Goffreda 11/04/03 304-927-6403
(Signature) (Date) (Telephone)

FOR USE OF THE BUREAU OF THE PUBLIC DEBT

Rate Table Date: _____	Processed by: _____	Verified by: _____
------------------------	---------------------	--------------------

ACCOUNT INFORMATION FOR
U.S. TREASURY SECURITIES
STATE AND LOCAL GOVERNMENT SERIES
TIME DEPOSIT

See Instructions On Back

The United States Treasury Securities – State and Local Government Series subscribed for on PD F 4144 to which this form is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury.

INFORMATION FOR INTEREST AND PRINCIPAL PAYMENTS:

Direct Deposit (ACH) Payment Instructions

ABA Routing Number: 011001234 (Limit 9 characters)

Account Name: WVIMB-WVBF0002002 (Limit 22 characters)

Account Number: 048771 (Limit 17 characters)

Account Type: (check one) Checking Savings

Financial Institution Managing (ACH) Payments

Name: West Virginia Municipal Bond Commission as Escrow Agent for The Board of Education of the County of Roane (West Virginia)

Address: 8 Capitol Street, Suite 500

City: Charleston State: WV ZIP Code: 25301 -

Contact Person: Witter Hallan

Telephone: (304) 558-3971 Fax: (304) 558-1280

FINANCIAL INSTITUTION TRANSMITTING FUNDS FOR PURCHASE:

ABA Routing Number: 011001234

Name: Mellon Bank, N.A.

Contact Person: Cindy Begley, Trust Division

Telephone: (412) 234-2397 Fax: (412) 234-0967





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

Certified Public Accountants

Beckley Bridgeport Charleston Montgomery

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

The Board of Education of the County of Roane
Spencer, West Virginia

Goodwin & Goodwin LLP
Charleston, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

\$2,900,000

**The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds
Series 2003**

The Board of Education of the County of Roane (the "Issuer") proposes to issue the above referenced bond issue (the "Bonds") dated November 1, 2003 on November 20, 2003. The Bonds consist of \$2,900,000 serial bonds with annual maturities on May 1, 2004 through and including May 1, 2015.

A portion of the sales proceeds of the Bonds will be used to purchase United States Treasury Securities – State and Local Governments Series (the "Escrowed Obligations") that will be placed in an irrevocable trust, together with an initial cash deposit, to be used solely to refund the Issuer's \$3,700,000 Public School Bonds, Series 1994, dated July 1, 1994, of which \$2,710,000 principal amount is currently outstanding (the "Prior Bonds"). The Prior Bonds consist of serial bonds with annual maturities on May 1, 2004 through and including May 1, 2015. The Prior Bonds maturing on and after May 1, 2005 will be optionally redeemed on May 1, 2004 at redemption price of 102% of the principal amount.

At your request, we have independently verified the arithmetical accuracy of the computations provided to us by Ferris, Baker Watts, Incorporated (the "Underwriter") which indicate: 1) the sufficiency of the Escrowed Obligations, together with an initial cash deposit, to pay on May 1, 2004 the interest accrued on the Prior Bonds, the principal of the Prior Bonds maturing on that date, and the remaining Prior Bonds at a redemption price of 102%; 2) the computation of net present value savings to the Issuer

as a result of the issuance of the Bonds; and, 3) the "yields" on the Bonds and the Escrowed Obligations that will be considered by bond counsel in its determination that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

The term "yield," as used herein, means that discount rate which when used in computing the present value of all payments of principal and interest on an obligation compounded semiannually using a 30/360-day year basis, produces an amount equal to the purchase price of the securities in the case of the Escrowed Obligations, and the issue price to the public in the case of the Bonds.

The original computations, along with certain assumptions and information, were furnished to us by the Underwriter on behalf of the Issuer. We have relied solely on the assumptions and information provided to us and have not made any study or evaluation of them, except as noted within this report. We express no opinion on the reasonableness of the assumptions, or the likelihood that the debt service requirements of the Prior Bonds will be paid as described in the accompanying Exhibits.

In the course of our engagement, we were furnished by the Underwriter with excerpts from the Official Statement for the Prior Bonds and copies of the subscription form for the purchase of the Escrowed Obligations. We compared the information contained in the schedules provided to us by the Underwriter with certain information set forth in these documents with respect to prices, principal payment dates and amounts, interest payment dates and rates, yields, and redemption dates and rates. We found the information contained in such schedules to be in agreement with the information set forth in the documents.

In our opinion, based upon the assumptions and information provided to us as described herein, the computations in the schedules provided to us are arithmetically accurate. The computations in the accompanying Exhibits prepared by us and the comparable schedules provided to us indicate:

1. The receipts from the Escrowed Obligations, together with an initial cash deposit of \$.59 will be sufficient to pay on May 1, 2004 the interest accrued on the Prior Bonds, the principal of the Prior Bonds maturing on that date, and the remaining Prior Bonds at a redemption price of 102%;
2. The yield on the Bonds for arbitrage purposes is 3.220189% and the yield on Escrowed Obligations is 0.946269%; and,

3. The net present value savings to the Issuer as a result of the issuance of the Bonds is not less than \$153,384.71 using the all-inclusive-cost yield to present value the cash flows.

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

This report is not to be referred to or quoted without our prior written consent, except that reference thereto may be made in the Official Statement, Bond Purchase Agreement and in the closing documents and opinions of Counsel relating to the Bonds.

Charleston, West Virginia
November 20, 2003

Smith, Cochran, Hicks, PLLC

The Board of Education of the County of Roane
 Public School Refunding Bonds
 Series 2003

Verification of Refunded Debt and Redemption Requirements

	<i>principal</i>	<i>rate</i>	<i>interest</i>	<i>matured</i>	<i>called</i>	<i>premium</i>	<i>interest</i>	<i>total redemption requirements</i>
5.1.2004	160,000	7.000%	75,882.50	160,000	2,550,000	51,000	75,882.50	2,836,882.50
11.1.2004			70,282.50					
5.1.2005	170,000	5.500%	70,282.50					
11.1.2005			65,607.50					
5.1.2006	180,000	5.600%	65,607.50					
11.1.2006			60,567.50					
5.1.2007	190,000	5.700%	60,567.50					
11.1.2007			55,152.50					
5.1.2008	200,000	5.750%	55,152.50					
11.1.2008			49,402.50					
5.1.2009	215,000	5.800%	49,402.50					
11.1.2009			43,167.50					
5.1.2010	225,000	5.800%	43,167.50					
11.1.2010			36,642.50					
5.1.2011	240,000	5.800%	36,642.50					
11.1.2011			29,682.50					
5.1.2012	255,000	5.800%	29,682.50					
11.1.2012			22,287.50					
5.1.2013	275,000	5.300%	22,287.50					
11.1.2013			15,000.00					
5.1.2014	290,000	5.000%	15,000.00					
11.1.2014			7,750.00					
5.1.2015	310,000	5.000%	7,750.00					
	\$ 2,710,000		\$ 986,967.50	\$ 160,000	\$ 2,550,000	\$ 51,000	\$ 75,882.50	\$ 2,836,882.50

The Board of Education of the County of Roane
 Public School Refunding Bonds
 Series 2003

Refunding Debt and Arbitrage Yield Verification

	<i>principal</i>	<i>rate</i>	<i>interest</i>	<i>total</i>	<i>pv factor @ 3.220189%</i>	<i>present value savings</i>
5.1.2004	190,000	2.500%	44,206.25	234,206.25	0.98581488	230,884.01
11.1.2004			41,831.25	41,831.25	0.97019384	40,584.42
5.1.2005	210,000	2.500%	41,831.25	251,831.25	0.95482033	240,453.60
11.1.2005			39,206.25	39,206.25	0.93969043	36,841.74
5.1.2006	215,000	2.500%	39,206.25	254,206.25	0.92480027	235,090.01
11.1.2006			36,518.75	36,518.75	0.91014606	33,237.40
5.1.2007	220,000	2.500%	36,518.75	256,518.75	0.89572405	229,770.01
11.1.2007			33,768.75	33,768.75	0.88153058	29,768.19
5.1.2008	225,000	2.500%	33,768.75	258,768.75	0.86756201	224,497.94
11.1.2008			30,956.25	30,956.25	0.85381479	26,430.90
5.1.2009	235,000	2.750%	30,956.25	265,956.25	0.84028540	223,479.15
11.1.2009			27,725.00	27,725.00	0.82697039	22,927.75
5.1.2010	240,000	3.000%	27,725.00	267,725.00	0.81386638	217,892.38
11.1.2010			24,125.00	24,125.00	0.80097000	19,323.40
5.1.2011	250,000	3.250%	24,125.00	274,125.00	0.78827798	216,086.70
11.1.2011			20,062.50	20,062.50	0.77578708	15,564.23
5.1.2012	260,000	3.500%	20,062.50	280,062.50	0.76349410	213,826.07
11.1.2012			15,512.50	15,512.50	0.75139592	11,656.03
5.1.2013	275,000	3.500%	15,512.50	290,512.50	0.73948944	214,830.93
11.1.2013			10,700.00	10,700.00	0.72777163	7,787.16
5.1.2014	280,000	3.625%	10,700.00	290,700.00	0.71623949	208,210.82
11.1.2014			5,625.00	5,625.00	0.70489010	3,965.01
5.1.2015	300,000	3.750%	5,625.00	305,625.00	0.69372054	212,018.34
	\$ 2,900,000		\$ 616,268.75	\$ 3,516,268.75		\$ 2,915,126.17

Calculation of Arbitrage Yield Target

Principal	\$ 2,900,000.00
Accrued interest	4,666.22
Reoffering premium	10,459.95
	\$ 2,915,126.17

The Board of Education of the County of Roane
Public School Refunding Bonds
Series 2003

Verification of Net Present Value Savings

	<i>refunded</i>	<i>refunding</i>	<i>gross savings</i>	<i>pv factor @</i> 3.746582%	<i>present value</i> <i>savings</i>
5.1.2004	235,882.50	234,206.25	1,676.25	0.98353649	1,648.65
11.1.2004	70,282.50	41,831.25	28,451.25	0.96545079	27,468.28
5.1.2005	240,282.50	251,831.25	(11,548.75)	0.94769765	(10,944.72)
11.1.2005	65,607.50	39,206.25	26,401.25	0.93027097	24,560.32
5.1.2006	245,607.50	254,206.25	(8,598.75)	0.91316473	(7,852.08)
11.1.2006	60,567.50	36,518.75	24,048.75	0.89637306	21,556.65
5.1.2007	250,567.50	256,518.75	(5,951.25)	0.87989015	(5,236.45)
11.1.2007	55,152.50	33,768.75	21,383.75	0.86371035	18,469.37
5.1.2008	255,152.50	258,768.75	(3,616.25)	0.84782806	(3,065.96)
11.1.2008	49,402.50	30,956.25	18,446.25	0.83223782	15,351.67
5.1.2009	264,402.50	265,956.25	(1,553.75)	0.81693427	(1,269.31)
11.1.2009	43,167.50	27,725.00	15,442.50	0.80191212	12,383.53
5.1.2010	268,167.50	267,725.00	442.50	0.78716620	348.32
11.1.2010	36,642.50	24,125.00	12,517.50	0.77269144	9,672.17
5.1.2011	276,642.50	274,125.00	2,517.50	0.75848285	1,909.48
11.1.2011	29,682.50	20,062.50	9,620.00	0.74453554	7,162.43
5.1.2012	284,682.50	280,062.50	4,620.00	0.73084469	3,376.50
11.1.2012	22,287.50	15,512.50	6,775.00	0.71740559	4,860.42
5.1.2013	297,287.50	290,512.50	6,775.00	0.70421362	4,771.05
11.1.2013	15,000.00	10,700.00	4,300.00	0.69126423	2,972.44
5.1.2014	305,000.00	290,700.00	14,300.00	0.67855296	9,703.31
11.1.2014	7,750.00	5,625.00	2,125.00	0.66607543	1,415.41
5.1.2015	317,750.00	305,625.00	12,125.00	0.65382734	7,927.66
	\$ 3,696,967.50	\$ 3,516,268.75	\$ 180,698.75		\$ 147,189.13

Gross present value savings	\$ 147,189.13
Accrued interest	4,666.22
Rounding/contingency	1,529.36
Net present value savings	<u>\$ 153,384.71</u>

The Board of Education of the County of Roane
 Public School Refunding Bonds
 Series 2003

Verification of Escrow Sufficiency and Yield

	<i>principal</i>	<i>rate</i>	<i>interest</i>	<i>total cash flow</i>	<i>redemption requirements</i>	<i>cash balance</i>
11.20.2003						\$ 0.59
5.1.2004	\$ 2,824,930.00	0.9500%	\$ 11,951.91	\$ 2,836,881.91	\$ (2,836,882.50)	\$ 0.00

	<i>cash flow</i>	<i>pv factor @</i>	<i>present value</i>
		0.946269%	<i>cash flow</i>
11.20.2003	(2,824,930.00)	1.00000000	(2,824,930.00)
5.1.2004	2,836,881.91	0.99578695	2,824,930.00
	\$ 11,951.91		\$ (0.00)

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2

3

COPY

LAW OFFICES

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November 5, 2003

Mr. R. Witter Hallan, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Re: \$2,900,000
The Board of Education of the County of Roane
Public School Refunding Bonds, Series 2003

Dear Mr. Hallan:

As bond counsel for The Board of Education of the County of Roane (the "Issuer"), we wish to advise you that on November 20, 2003 (the "Settlement Date"), the Issuer will deliver the above-captioned refunding bonds (the "Refunding Bonds") to the purchasers thereof. Proceeds of the Refunding Bonds will be used to refund the Issuer's Public School Bonds, Series 1994, dated July 1, 1994 (the "Prior Bonds"). On the Settlement Date, the Issuer will be required to fund an Escrow Fund (the "Escrow Fund"), pursuant to an Escrow Agreement dated as of November 1, 2003 (the "Escrow Agreement"), by and between the Issuer and the West Virginia Municipal Bond Commission (the "Bond Commission"), as Escrow Agent.

On the Settlement Date, Ferris, Baker Watts, Incorporated, as purchaser of the Bonds, will cause to be wired in immediately available funds, to:

Branch Banking & Trust, Charleston, West Virginia
ABA 051503394
For Credit To: West Virginia State Treasury
Account No.: 5270517317
Att'n.: Municipal Bond Commission

on behalf of the Issuer, the sale proceeds of the Refunding Bonds in the amount of \$2,824,930.59, plus accrued interest in the amount of \$4,666.22 (total of \$2,829,596.81). The accrued interest in the amount of \$4,666.22 should be deposited in the Debt Service Account for the Refunding Bonds. The balance of sale proceeds in the amount of \$2,824,930.59 should be deposited in the Escrow Fund established under the Escrow Agreement. Surplus Funds from the Debt Service Account established for the Prior Bonds in the amount of \$99,130.43 should also be transferred into the Debt Service Account for the Refunding Bonds.

GOODWIN & GOODWIN, LLP

Mr. R. Witter Hallan

Page 2

From the moneys deposited into the Escrow Fund (total of \$2,824,930.59), you are hereby authorized and directed to purchase the Government Obligations described in the Escrow Agreement. The purchase price of the Government Obligations is \$2,824,930.00. The balance of moneys remaining in the Escrow Fund (\$.59) shall be kept in the Escrow Fund, uninvested.

Funds from the Debt Service Account established for the Prior Bonds in the amount of \$99,130.43 shall be retained by the Commission and transferred to the Debt Service Account for the Refunding Bonds. Funds from the Debt Service Account established for the Prior Bonds ("Deposited Funds") in the amount of \$118,004.57 shall be paid to the Issuer, by wire, on the Settlement Date or as soon thereafter as possible, and applied solely by the Issuer to payment of costs of capital improvements, repairs or replacements for school facilities in Roane County School District, which were specified in the bond referendum approved by the voters of Roane County, West Virginia, on May 10, 1994.

The Surplus Funds then remaining with the Commission in the amount of \$118,004.57 shall be retained by the Commission in a special account hereby designated the "Special Surplus Account." The Special Surplus Account shall be available, if needed, to pay the principal of or interest on the Refunding Bonds coming due on May 1, 2004, and thereafter, and shall not be used for any other purpose until September 30, 2004. On or after September 30, 2004, the Board shall review the balances in the Debt Service Account for the Refunding Bonds and in the Surplus Account, and, upon determination in writing by the Board that sufficient funds are on hand at the Commission, the Board may withdraw all or a portion of the funds then remaining in the Special Surplus Account. All such funds withdrawn from the Special Surplus Account shall be applied solely by the Board to payment or repayment of costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, which were specified in the bond referendum approved by the voters of Roane County, West Virginia on May 10, 1994. Each withdrawal request of the Board shall be specifically authorized by resolution of the Board. The Special Surplus Account shall be closed by the Commission when all the funds therein have been withdrawn or used to pay debt service as provided in this section.

If you have any questions regarding the foregoing, please feel free to call me.

Sincerely yours,



William K. Bragg, Jr.

Copy of letter to:

Ms. Marie L. Prezioso

Mr. Stephen F. Goffreda

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS
SERIES 2003

BOND PURCHASE AGREEMENT

November 4, 2003

The Board of Education of the County of Roane
108 Chapman Avenue
Spencer, WV 25276

Ladies and Gentlemen:

Ferris, Baker Watts, Incorporated (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with The Board of Education of the County of Roane (West Virginia) (the "Board") with respect to the above-referenced bonds. This offer is made subject to acceptance and execution of this Purchase Agreement by the Board prior to 11:59 p.m., local time on the date hereof, or until withdrawn by the Underwriter upon written notice to the Board as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the President of the Board in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Board and the Underwriter.

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

1. The Board of Education of the County of Roane (West Virginia) \$2,900,000 Public School Refunding Bonds, Series 2003 (the "Series 2003 Bonds") are being issued for the purposes of (advance refunding the Board's Public School Bonds, Series 1994 (the "Series 1994 Bonds"); and (ii) paying certain costs of issuance of the Series 2003 Bonds.

The Series 2003 Bonds shall be as described in, and shall be issued and secured under and pursuant to, a Parameters Resolution of the Board adopted October 9, 2003, and a Resolution and Order adopted by the Board on October 9, 2003 (collectively, the "Resolutions"). The Resolutions shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Board and the Underwriter shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Board and the Board agrees to sell to the Underwriter the Series 2003 Bonds, at an aggregate purchase price of \$2,860,459.95 plus interest accrued on the Series 2003 Bonds from the 1st day of November, 2003, to the date of the Closing, as hereinafter defined. This purchase price reflects an underwriter's discount of \$50,000 and a net original issue premium of \$10,459.95. The Series 2003 Bonds shall mature on the dates and in the amounts, and shall bear interest, payable semiannually on May 1 and November 1 of each year, beginning May 1, 2004, as more fully described on Exhibit A attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Series 2003 Bonds at the initial offering prices as set forth in the Final Official Statement (as hereinafter defined) and in Exhibit A, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the Board, the Board shall deliver or cause to be delivered to the Underwriter three copies of the Preliminary Official Statement relating to the Series 2003 Bonds, substantially in the form of the Preliminary Official Statement dated October 28, 2003 (the "Preliminary Official Statement") and prior to delivery of the Series 2003 Bonds, five copies of the Final Official Statement dated the date of this Purchase Agreement, signed on behalf of the Board by its President (the "Final Official Statement") as requested below.

3. The Final Official Statement has been approved for distribution by the Resolutions of the Board. The Board authorizes the use of copies of the Final Official Statement in connection with the public offering and sale of the Series 2003 Bonds.

On October 28, 2003, the Board delivered to the Underwriter the Preliminary Official Statement and the Underwriter received certificates from the Board which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. ' 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Board shall deliver or cause to be delivered to the Underwriter, after the acceptance by the Board of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Final Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Series 2003 Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the Board in writing following the occurrence of the End of the Underwriting Period for the Series 2003 Bonds as defined in Rule 15c2-12.

The Board covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the Board has actual knowledge as a result of which it is necessary to amend or supplement

the Final Official Statement to make the Final Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Final Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Final Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the Board so that the Final Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Final Official Statement is delivered to a purchaser, not misleading in any material respect.

The Board will furnish such information with respect to itself as the Underwriter from time to time reasonably request. The Underwriter hereby agrees that it will deposit or cause to be deposited with a nationally recognized municipal securities information repository a copy of the Final Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the Board that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Series 2003 Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the Board from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on November 20, 2003, or such other date as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the Board will deliver or cause to be delivered to the Underwriter, (a) the Series 2003 Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the Board and authenticated by the Bond Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement. Upon such delivery of the Series 2003 Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available federal funds to the order of the West Virginia Municipal Bond Commission and a bank designated by the Board, for the account of the Board. Such delivery shall be made at DTC (or at the offices of the Bond Registrar, if "DTC Fast" delivery is used), with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Series 2003 Bonds shall be made available to the Underwriter at DTC forty-eight (48) hours before the Closing, provided that if DTC Fast delivery is used then the Series 2003 Bonds shall be made available to the Bond Registrar by 4:00 p.m. on November 20, 2003, for the purpose of inspection and packaging. The Board also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") and the timely payment letter at the times required by The Depository Trust Company.

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

(a) The Board is validly existing under the laws of the State of West Virginia, including the State Constitution, with the right and power to sell the Series 2003 Bonds as of the

date hereof and to hereafter issue the Series 2003 Bonds and to execute, deliver and perform its obligations under this Purchase Agreement and the Series 2003 Bonds;

(b) The information contained in the Preliminary Official Statement and the Final Official Statement under the caption "Roane County School District" is true and correct in all material respects, and the Preliminary Official Statement and the Final Official Statement, respectively, under the caption, "Roane County School District" do not include any untrue statement of a material fact and do not omit to state a material fact which is necessary to make the statements with respect to the Board contained therein, in the light of the circumstances under which they were made, not misleading;

(c) The Board has the power and authority to issue the Series 2003 Bonds for the purposes described in the Preliminary Official Statement and the Final Official Statement and to consummate the transactions contemplated therein and by this Purchase Agreement, the Series 2003 Bonds, and the Escrow Agreement (the "Escrow Agreement") to be entered into between the Board and the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Escrow Agent (collectively, sometimes herein referred to as the "Financing Documents");

(d) Prior to the Closing, the Board shall have duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Series 2003 Bonds upon the terms set forth herein, in the Preliminary Official Statement and in the Final Official Statement; and (ii) the approval, execution and delivery of the Series 2003 Bonds, the Escrow Agreement, the Preliminary Official Statement, the Final Official Statement and this Purchase Agreement and any and all such other agreements and documents as may be required to be executed and delivered or received by the Board in connection with the issuance and sale of the Series 2003 Bonds;

(e) The Series 2003 Bonds, when issued, delivered and paid for as herein and in the Resolution provided, will have been duly authorized and issued and will constitute valid and binding general obligations of the Board payable from ad valorem taxes levied upon all taxable property within the Roane County School District without limitation as to rate or amount, and enforceable in accordance with their terms except as enforceability thereof may be limited by bankruptcy, reorganization, insolvency or other laws or equitable principles affecting enforcement of creditors' rights generally;

(f) The Board is not in breach of or in default under any constitutional provision, applicable law or administrative rule or regulation of the State of West Virginia, the United States, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or assets are otherwise subject or bound, which breach or default, in any material way, directly or indirectly, would affect Board activities, the issuance, execution or delivery of the Series 2003 Bonds or the validity thereof, the validity or enacting of the Resolution or the execution or delivery of the Financing Documents or the performance of its obligations thereunder; 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 enacting of the Resolution, and the issuance of

the Series 2003 Bonds, the execution and delivery of the Financing Documents and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any constitutional provision, applicable law or administrative rule or regulation of the State of West Virginia, the United States, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or assets are otherwise subject or bound;

(g) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Board, threatened against or directly affecting the Board (or, to the knowledge of the Board, any meritorious basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated hereby or by the Final Official Statement or the issuance, sale and validity of the Series 2003 Bonds, the Financing Documents or (ii) the excludability from federal income taxation of the interest on the Series 2003 Bonds;

(h) No consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the Board as a condition precedent to the issuance of the Series 2003 Bonds or the performance by the Board of its obligations thereunder (provided no representation is expressed as to any action required under federal or West Virginia or other state securities or Blue Sky laws in connection with the purchase or distribution of the Series 2003 Bonds by the Underwriter);

(i) The Board agrees to cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2003 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as it may request, provided, however, that the Board shall not be required, with respect to the offer or sale of the Series 2003 Bonds, to register as a dealer or broker or to file written consent to suit or service of process in any jurisdiction or to become subject to the service of process in any jurisdiction;

(j) The audited Financial Statements of the Board as of June 30, 2003, contained in the Preliminary Official Statement and the Final Official Statement present fairly the financial position of the Board as of the date indicated and the results of its operations for the period specified, and such financial reports and statements have been prepared in conformity with generally accepted accounting principles consistently applied to the periods involved, except as otherwise stated in the notes thereof;

(k) Since June 30, 2002, there has been no material and adverse change in the financial position or results of operations of the Board, nor has the Board incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Preliminary and Final Official Statements;

(l) No event has occurred that would constitute a material default (including, but not limited to, any event that would permit acceleration) on the part of the Board in any agreement

relating to debt of the Board, if any, or that would cause the Board to believe it would default in any material way with respect to its obligations under any such agreement;

(m) When executed and delivered, this Purchase Agreement and the Escrow Agreement will constitute valid and binding agreements of the Board, enforceable in accordance with their respective terms except that enforceability thereof may be limited by bankruptcy, reorganization, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally. The execution and delivery of this Purchase Agreement and compliance with the provisions hereof do not or will not conflict with or constitute a breach of or default under the by-laws or procedural rules of the Board, any law, administrative regulation, court order, consent decree or any agreement or other instrument to which the Board is subject; and

(n) The Board agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) any of them against any and all losses, claims, damages and liabilities (i) arising out of any statement or information supplied by the Board relating to the Board or the application of the proceeds of the Series 2003 Bonds that is untrue or incorrect in any material respect or the omission therefrom of any statement or information relating to the Board or the application of the proceeds of the Series 2003 Bonds, which should be contained therein for the purpose for which such Preliminary or Final Official Statement is to be used or which is necessary to make the statements therein relating to the Board or the application of the proceeds of the Series 2003 Bonds not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Board, provided that the Board will not be liable in any such case to the extent any such losses, claims, damages and liabilities arise out of or are based upon any untrue statement or omission or alleged omission made in any such documents in reliance upon and in conformity with written information furnished by the Underwriter or party other than the Board specifically for use therein; and provided further that this indemnity agreement with respect to any statement or omission in the Preliminary Official Statement shall not inure to the benefit of the Underwriter (or to the benefit of any person controlling any of it) on account of any loss, claim, damage or liability arising from the sale of Series 2003 Bonds by the Underwriter to any person if (a) a copy of the Final Official Statement shall not have been sent or given by or on behalf of the Underwriter to such person at or prior to the written confirmation of the sale of Series 2003 Bonds to such person or (b) the Board, in a timely manner, shall have notified the Underwriter to correct the statement or omission in the Preliminary or Final Official Statement which gave rise to or formed the basis for the loss, claim, damage or liability asserted by such person against the Underwriter. This indemnity agreement will be in addition to any liability that the Board may otherwise have. In case any claim shall be made or action brought against the Underwriter based upon the Preliminary Official Statement or Final Official Statement, in respect of which indemnity may be sought against the Board, in conformance with the conditions set forth in this paragraph, the Underwriter shall promptly notify the Board in writing setting forth the particulars of such claim or action and the Board shall assume the defense thereof including the retaining of counsel and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the Underwriter's expense or

the expense of such controlling person unless the retaining of such counsel has been specifically authorized in writing by the Board.

The representations, warranties, agreements and indemnities of the Board herein shall survive the Closing under this Purchase Agreement and any investigation made by or on behalf of the Underwriter of any matters described in or related to the transactions contemplated hereby or by the Preliminary Official Statement and the Final Official Statement.

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

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

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Series 2003 Bonds (such cancellation shall not constitute a default hereunder) by notifying the Board in writing of its election to do so between the date hereof and the Closing Date; if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2003 Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2003 Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Series 2003 Bonds, or the issuance, offering or sale of the Series 2003 Bonds, including all the underlying obligations, as contemplated hereby or by the Final Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as

amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Final Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Final Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

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

(vi) In the reasonable opinion of the Underwriter, the market price of the Series 2003 Bonds, or the market price generally of obligations of the general character of the Series 2003 Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Series 2003 Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Series 2003 Bonds; or

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

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

(1) The unqualified approving opinion, dated as of the Closing Date, of Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel, in the form attached as Appendix C to the Preliminary Official Statement, accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit B;

(2) The opinion of Mark G. Sergent, Esq., Spencer, West Virginia, Counsel to the Board, dated the date of Closing and addressed to the Underwriter and the Board, in the form attached hereto as Exhibit C;

(3) The opinion of Goodwin & Goodwin, LLP, Counsel to the Underwriter, dated as of the Closing Date, substantially in the form attached hereto as Exhibit D;

(4) The Board's certificate, signed by the President of the Board, dated the date of the Closing, to the effect that to the best of his knowledge, after reasonable investigation and inquiry, the representations and warranties of the Board set forth in the Resolutions and in this Purchase Agreement are true and correct at and as of the date of the Closing;

(5) A certificate dated the date of Closing, signed on behalf of the Board by the President or such other officials or representatives of the Board as are satisfactory to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that (i) the Board is validly existing under the laws of the State of West Virginia, including the State Constitution, with the right and power to sell the Series 2003 Bonds and to execute, deliver and perform its obligations under this Purchase Agreement and the Series 2003 Bonds, (ii) the Series 2003 Bonds have been duly authorized, executed, issued and delivered and constitute valid and binding general obligations of the Board, (iii) to the best knowledge of the officer of the Board executing said Certificate, no litigation, proceeding or investigation, at law or in equity, before or by any Court, any governmental agency or any public board or body is pending or threatened (a) to restrain or enjoin the issuance or delivery of any of the Series 2003 Bonds, (b) in any way contesting or affecting the authority of the Board for the issuance of the Series 2003 Bonds or the validity of the Series 2003 Bonds, the Resolution or this Purchase Agreement, or (c) in any way contesting the existence or powers of the Board and (iv) the representations, warranties and agreements of the Board in this Purchase Agreement are true and correct in all material respects as of the date of Closing;

(6) Verification of yield on the Series 2003 Bonds and the sufficiency of the Escrow Fund by Smith Cochran & Hicks, P.L.L.C.;

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

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

(9) A certificate dated the day of Closing, signed on behalf of the Board by the President or such other officials or representatives of the Board satisfactory to the Underwriter, together with certificates signed by the authorized officer of the Escrow Agent, that the funds on deposit in the Escrow Fund and the Government Securities acquired simultaneously with the Closing, including the interest thereon, are in amounts sufficient to discharge the Series 1994 Bonds and that the Series 1994 Bonds have in fact been discharged;

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

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

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

If the Board shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Board shall have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Series 2003 Bonds are issued, the Board shall pay or cause to be paid, any fees and expenses incident to the performance of the Board's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Final Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Series 2003 Bonds; (iii) the fees and disbursements of Goodwin & Goodwin, LLP, Bond Counsel and Counsel to the Underwriter; (iv) the fees and expenses of the Escrow Agent, if any, and Smith Cochran & Hicks, P.L.L.C., as verification agent; (v) the fees and expenses of Goodwin & Goodwin, LLP, Counsel to the Underwriter and the fees and expenses in preparing the Preliminary Official Statement and Official Statement, the Blue Sky Survey, the Legal Investment Memoranda and this Purchase Agreement, and Blue Sky qualification and filing fees; and (vii) all other expenses and cost (including the fees and expenses of the Board) for the authorization, issuance, sale and distribution of the Series 2003 Bonds.

8. The Underwriter shall pay from the underwriting spread all advertising expenses and other expenses incurred by it in connection with its public offering and distribution of the Series 2003 Bonds, including all out-of-pocket expenses, travel and other expenses.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Series 2003 Bonds, are offering the Series 2003 Bonds which constitute the whole or a part of their unsold participations, the Board will: (a) not adopt any amendment or supplement to the Final Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel to the Underwriter, unless, in the opinion of Counsel to the Board, such amendment or supplement is required to make the Final Official Statement not misleading, and (b) if any event relating to or affecting the Board shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel to the Underwriter, to amend or supplement the Final Official Statement in order to make the Final Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Final Official Statement (in form and substance satisfactory to the Counsel to the Underwriter) which will amend or supplement the Final Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Final

Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the Board. For the purposes of this paragraph, Board will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the members or officers of the Board nor their employees shall be personally liable for breach of any representation, agreement or warranty made by the Board within this Purchase Agreement.

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

To the Board:

The Board of Education of the County of Roane
108 Chapman Avenue
Spencer, WV 25276
Attention: President

To the Underwriter:

Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, WV 25301
Attention: Public Finance Department

12. This Purchase Agreement is made solely for the benefit of the Board and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Board in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2003 Bonds.

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

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

FERRIS, BAKER WATTS, INCORPORATED

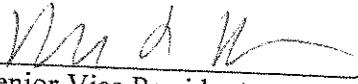
By: _____
Senior Vice President

ACCEPTED AND APPROVED:

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: _____
Superintendent

FERRIS, BAKER WATTS, INCORPORATED

By: 
Senior Vice President

ACCEPTED AND APPROVED:

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

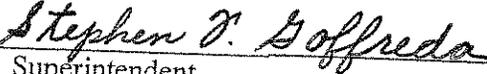
By: 
Superintendent

EXHIBIT A

Maturity and Interest Rate Schedule

<u>Maturity</u>	<u>Coupon</u>	<u>Yield</u>	<u>Principal (\$)</u>	<u>Price</u>
5/01/2004	2.500%	1.000%	190,000	100.667%
5/01/2005	2.500%	1.250%	210,000	101.786%
5/01/2006	2.500%	1.580%	215,000	102.199%
5/01/2007	2.500%	1.950%	220,000	101.824%
5/01/2008	2.500%	2.330%	225,000	100.713%
5/01/2009	2.750%	2.640%	235,000	100.553%
5/01/2010	3.000%	2.950%	240,000	100.290%
5/01/2011	3.250%	3.240%	250,000	100.064%
5/01/2012	3.500%	3.480%	260,000	100.143%
5/01/2013	3.500%	3.610%	275,000	99.124%
5/01/2014	3.625%	3.730%	280,000	99.096%
5/01/2015	3.750%	3.840%	300,000	99.170%

(Accrued interest to be added)

EXHIBIT B

[LETTERHEAD OF GOODWIN & GOODWIN, LLP]

November 20, 2003

\$2,900,000
The Board of Education of
The County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

The Board of Education of the
County of Roane
Spencer, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Board of Education of The County of Roane (the "Issuer") of its \$2,900,000 in aggregate principal amount of Public School Refunding Bonds, Series 2003 (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and a Resolution and Order duly adopted by the Issuer on October 9, 2003 (the "Resolution"), and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Bonds are issued in fully registered form, are dated November 1, 2003, upon original issuance, represented by a single bond for each maturity, numbered R-1 to R-12, inclusive, with interest payable on each May 1 and November 1, commencing May 1, 2004, and principal installments payable each May 1, commencing May 1, 2004, and continuing until maturity thereof, being May 1, 2015.

The Resolution provides that the issue is for the purposes of providing funds, together with other moneys of the Issuer, to pay costs necessary to advance refund all of the Issuer's Outstanding Public School Bonds, Series 1994, dated July 1, 1994 (the "Prior Bonds"), originally issued in the aggregate principal amount of \$3,700,000, of which \$2,710,000 is presently outstanding, and to pay costs of issuance of the Bonds and other costs in connection with such refunding. Issuance of the Prior Bonds was approved by the voters of the Roane County School District (the "District") at an election held in the District on May 10, 1994, for the purpose of financing costs of improving, constructing, erecting, renovating, furnishing and equipping certain new and existing school facilities in the District.

The Bonds have been sold to Ferris, Baker Watts, Incorporated, Charleston, West Virginia (the "Purchaser") pursuant to a Bond Purchase Agreement dated November 4, 2003, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Escrow Agent contained in the Resolution and the Escrow Agreement (all such terms as defined in the Resolution) and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer and the Escrow Agent pertaining to tax matters set forth in the Resolution and the Escrow Agreement and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

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

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

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

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

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

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it, together with any subordinate entities, does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2003. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

7. The Prior Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Issuer to the holders and owners of such Prior Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph 6, we have relied upon the verification report of certain independent certified public accountants relating to the sufficiency of the maturing principal of and

interest to be earned on the United States Treasury Obligations deposited in the Escrow Fund established with the West Virginia Municipal Bond Commission, as Escrow Agent, which, together with any other moneys on deposit in said Escrow Fund, will provide for the payment of the principal of and interest on such Prior Bonds through the maturity date thereof.

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

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

Respectfully submitted

GOODWIN & GOODWIN, LLP

EXHIBIT C

[LETTERHEAD OF MARK G. SERGENT, COUNSEL TO ISSUER]

November 20, 2003

\$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

The Board of Education of the County of Roane
Spencer, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for The Board of Education of the County of Roane, West Virginia (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"), which are being delivered and sold to Ferris, Baker Watts, Inc. (the "Purchaser") pursuant to a Bond Purchase Agreement, dated as of November 4, 2003 (the "Bond Purchase Agreement") between the Purchaser and the Issuer. Any capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Bond Purchase Agreement and the Resolution and Order duly adopted by the Issuer on October 9, 2003 (the "Resolution").

In this connection, I have reviewed and examined certain laws of the State of West Virginia, certain proceedings and documents with respect to the Bonds, and such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, including, but not limited to Chapter 13, Article 2 of the West Virginia Code of 1931, as amended (the "Refunding Act"), the Resolution, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement, the Official Statement, and certain certificates of the Issuer (collectively, the "Bond Documents"). Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Issuer is a validly existing statutory corporation charged with the supervision and control of the Roane County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Bonds. The Issuer is authorized by the laws of the State of West Virginia, as provided by the Refunding Act, to enter into and perform its obligations under the Bond Documents.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds and the Bond Documents.

3. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Bond Documents; (ii) the ratification of the actions of the President of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

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

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

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

7. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to enter into and perform its obligations under the Bond Documents.

8. To the best of my knowledge after diligent inquiry, the Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

9. Based upon a review of the records in the Office of the Clerk of the U. S. District Court for the Southern District of West Virginia and the Clerk of the Circuit Court of Roane County, West Virginia, the Official Statement, and information related to me by the Board, it is my opinion that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the Bond Documents or any of the proceedings taken with respect to the issuance and sale of the Bonds, the application of moneys to the payment of the Bonds, the application of Bond proceeds to the refunding of the Prior Bonds or in any manner questioning the proceedings and authority under which the Bonds were authorized or

affecting the validity of the Bonds, the existence of the Board on the boundaries of the Roane County School District, or the title of officials of the Board who have acted with respect to the proceedings for the issuance and sale of the Bonds to their respective offices, and no authority or proceedings for the issuance and sale of the Bonds have been repealed, revoked or rescinded.

10. Based upon my review of the Official Statement, and information related to me by the Board, it is my opinion that the statements contained in the Official Statement, under the captions "Roane County School District," "Certain Financial Information," "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters" and "Continuing Disclosure" do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading; and that based upon the foregoing without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date hereof, I have no reason to believe that the Official Statement, as of its date (except for the financial statements and other financial and statistical data included thereon, as to which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. Based upon my review of the Official Statement, and information related to me by the Board, it is my opinion that the issuance of the Bonds, the execution, delivery and performance of the Bond Documents, the performance of the Board's obligations under the Bonds and the Bond Documents and compliance with the provisions thereof by the Board, do not and will not conflict with or constitute on the part of the Board a breach of, or a default under any agreement, indenture, mortgage, lease or other instrument, to which the Board is subject or by which it is bound.

I hereby consent to all references made to me in the Official Statement. All counsel to this transaction may rely upon this opinion as if the same were addressed to them.

Very truly yours,

EXHIBIT D

[Letterhead of Goodwin & Goodwin, LLP]

November 20, 2003

Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, WV 25301

Re: \$2,900,000 The Board of Education of the County of Roane (West Virginia), Public School Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Roane, West Virginia (the "Board") of its Public School Refunding Bonds, Series 2003, in the aggregate principal amount of \$2,900,000 (the "Series 2003 Bonds"). In connection with rendering this opinion, we have examined such documents as we deem relevant.

Based upon the foregoing, we are of the opinion that the Series 2003 Bonds are exempt from the registration requirements and the Securities Act of 1933, as amended, the Resolution is exempt from the qualifications under the Trust Indenture Act of 1939, as amended.

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2003 Bonds.

Respectfully submitted,

GOODWIN & GOODWIN, LLP



CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (the "Issuer"), and UNITED BANK, INC., a state banking corporation, Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$2,900,000, The Board of Education of the County of Roane (West Virginia), Public School Refunding Bonds, Series 2003 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Underwriter" shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2002-2003 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

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

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications to rights of security holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in

full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

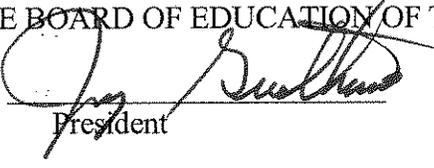
SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Dated: November 20, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (West Virginia)

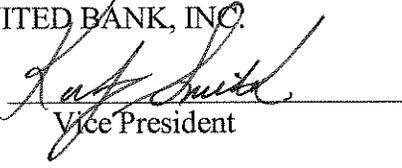
By:



President

UNITED BANK, INC.

By:



Vice President

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Roane (West Virginia)

Name of Bond Issue: \$2,900,000 Public School Refunding Bonds, Series 2003

Date of Bond Issue: November 20, 2003

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated November 1, 2003, to be provided. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____,

on behalf of the Issuer

cc: [Issuer]

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2003

**NEW ISSUE
BOOK-ENTRY ONLY**

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

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

\$2,910,000*
**THE BOARD OF EDUCATION
OF THE
COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003**

Dated: November 1, 2003

Due: May 1, as shown below

The Bonds are general obligations of The Board of Education of the County of Roane, West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Roane County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount. The Bonds are being issued to advance refund the Board's Public School Bonds, Series 1994 (the "Series 1994 Bonds").

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 and Article 2 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 as Escrow Agent for the Series 1994 Bonds, and _____, _____, West Virginia, as Registrar for the Bonds.

Interest on the Bonds will accrue from November 1, 2003 and will be payable May 1, 2004 and semiannually thereafter (each May 1 and November 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

The Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) 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 as described herein.

MATURITIES, AMOUNTS, RATES AND YIELDS*

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP
2004	\$180,000			
2005	215,000			
2006	220,000			
2007	225,000			
2008	225,000			
2009	235,000			
2010	240,000			
2011	250,000			
2012	260,000			
2013	275,000			
2014	285,000			
2015	300,000			

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Mark G. Sergent, Prosecuting Attorney of Roane County, Spencer, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, in New York, New York on or about November ____, 2003.

November ____, 2003

Ferris, Baker Watts, Incorporated

*Preliminary, Subject to Change

this Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of a sale, 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 ROANE (WEST VIRGINIA)**

ELECTED OFFICIALS

Jerry Greathouse, President
Cynthia Stutler, Vice President
Richard Boggs
Randy Whited
Garrett Samples

APPOINTED OFFICIALS

Stephen F. Goffreda, Superintendent
Doris Weekley, Assistant Superintendent Instruction
David A. Kinison, Assistant Superintendent Instructional Support

BOARD'S COUNSEL

Mark G. Sergent
Prosecuting Attorney of Roane County
Spencer, West Virginia

BOND COUNSEL

Goodwin & Goodwin, LLP
Charleston, West Virginia

UNDERWRITER

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

UNDERWRITER'S COUNSEL

Goodwin & Goodwin, LLP
Charleston, West Virginia

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Roane, West Virginia, or the Underwriter, 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 or the Underwriter. 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 that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. 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.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT
Relating To
\$2,910,000*
THE BOARD OF EDUCATION
OF THE
COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$2,910,000* in aggregate principal amount of The Board of Education of the County of Roane (West Virginia) Public School Refunding Bonds, Series 2003 (the "Bonds"). A brief description of The Board of Education of the County of Roane, West Virginia (the "Board"), the Roane County School District (the "School District") and the County of Roane, West Virginia (the "County" or "Roane County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

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

The Bonds are being issued to provide for the refunding of the Board's Public School Bonds, Series 1994, issued in the original aggregate principal amount of \$3,700,000 (the "Series 1994 Bonds"), of which \$2,710,000 is outstanding. Proceeds of the Bonds will also be used to pay costs of issuance.

At a special election held on May 10, 1994, the issuance of bonds in an amount of up to \$3,700,000 and the levy sufficient to pay principal of and interest on such bonds, were authorized and approved for the purpose of paying the cost of making certain capital improvements in the School District. The Series 1994 Bonds were issued on July 6, 1994. The Bonds refund the Series 1994 Bonds.

After defeasance of the Series 1994 Bonds, the Bonds will be the only outstanding long term debt of the Board. The Bonds are payable from the same source of revenues, being the ad valorem taxes as aforementioned.

AUTHORITY AND PURPOSE

The issuance of the Series 1994 Bonds and the levy of taxes sufficient to pay the interest on and principal of such Series 1994 Bonds were authorized and approved at the primary election in the School District held on May 10, 1994, pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 21 years from the date of issuance of the Series 1994 Bonds and an interest rate not exceeding 7% per annum. The canvass of said special election showed 1,995 "Yes" votes and 1,146 "No" votes, a 63.51% 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.

*Preliminary, subject to change.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Refunding Act") and a Parameters Resolution of the Board adopted on October 9, 2003, and a Resolution and Order of the Board adopted on November __, 2003 (collectively, the "Resolution"). The Board is issuing the Bonds for the purpose of advance refunding the Series 1994 Bonds. The Series 1994 Bonds will be deemed paid upon the completion of the advance refunding. Certain funds of the Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 1994 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

PLAN OF FINANCE

The proceeds of the Bonds in the amount of \$2,910,000 will be combined with the sum of \$_____, which will be transferred from accounts of the Board at the Bond Commission will be applied towards the funding of an escrow to defease the Series 1994 Bonds. Such proceeds will be used to purchase direct obligations of the United States of America ("Government Obligations") in the amount of \$_____. The Escrow Agent will hold the Government Obligations and \$_____ in cash. After transfer of the \$_____ from the Bond Commission, there will remain in the accounts of the Board the sum of approximately \$_____ less the amount of \$_____ to be retained in the debt service account for the Bonds. This net amount of \$_____ will be transferred to the Board for its use to complete projects for which funds were not available from proceeds of the Series 1994 Bonds. Of the amount retained, \$_____ may be withdrawn by the Board after _____, 2004. The Government Obligations will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on the delivery date of the Bonds (the "Escrow Agreement"), by and between the Board and the Commission. The Government Obligations will mature at such times and pay interest in such amounts that the maturing principal and interest thereon will be sufficient to pay, when due, principal of and interest on the Series 1994 Bonds and to redeem the Series 1994 Bonds on May 1, 2004. The maturing principal of and interest on the Government Obligations are not pledged to and will not be available to pay the Bonds.

SOURCES AND USES OF FUNDS

Sources:

Principal Amount of the Bonds	\$
Net Original Issue Premium	
Accrued Interest	
Amounts Transferred from the Bond Commission	
Total	\$

Uses:

Deposit to Escrow Fund (1)	\$
Costs of Issuance Account (2)	
Underwriter's Discount	
Accrued Interest	
Total	\$

- (1) The amount set forth in the Escrow Agreement as required, together with the income thereon to effect the refunding of the Series 1994 Bonds as described herein.
- (2) Includes fees and expenses of rating agency, bond counsel, underwriter's counsel, printing, accountants verification report and other fees.

THE BONDS

General

The Bonds are dated November 1, 2003, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS*

Maturing May 1	Principal Amount (\$)	Interest Rate (%)	Yield (%)
2004	\$180,000		
2005	215,000		
2006	220,000		
2007	225,000		
2008	225,000		
2009	235,000		
2010	240,000		
2011	250,000		
2012	260,000		
2013	275,000		
2014	285,000		
2015	300,000		

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 _____ Bank, Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from November 1, 2003 and will be payable May 1, 2004 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Bonds maturing on or after May 1, 20__, are subject to redemption on or after May 1, 20__, at the option of the Board, in whole at any time or in part on any interest payment date, for any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Optional Redemption Period	Redemption
<u>(both dates inclusive)</u>	<u>Price</u>
May 1, 20__ to April 30, 20__	10_%
May 1, 20__ and thereafter	100%

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

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any

defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as Series 2003 Bonds depository for the Series 2003 Bonds. The Series 2003 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2003 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of the Series 2003 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2003 Bonds, except in the event that use of the book-entry system for the Series 2003 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2003 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2003 Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2003 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2003 Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2003 Bonds may wish to ascertain that the nominee holding the Series 2003 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2003 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2003 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2003 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Series 2003 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2003 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2003 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

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

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

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 the Bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law.

Debt Administration

The Bond Commission is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Bond Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2003 Budget Bill is indicative:

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

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal or interest on any general obligation bonds issued by The Board of Education of the County of Roane. 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.

ROANE COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2004, the terms of two members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2002-2003, the Roane County school system has an administrative staff of eight (8) with the overall responsibility to coordinate and supervise the activities of nine (9) school administrators, 222.5 instructional staff (teachers and other professionals), and 127.25 service personnel. Total Full Time Equivalent positions are 345.75. The estimated pupil-teacher ratio for the 2002-2003 school year was 18.5 (combined elementary, middle and secondary schools). The total adjusted student enrollment was 3,748.25; actual student enrollment (head count) was 2,683 students K-12.

Historical School Enrollment (School Year)

Grades	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Pre-K	125	129	87	114	77	95	115	106	101	103
K	198	213	240	224	203	180	191	180	205	173
1	177	217	213	208	224	210	181	192	175	208
2	205	176	191	212	208	221	201	179	189	166
3	218	218	183	197	223	212	219	197	180	193
4	220	227	210	179	200	218	198	218	193	191
5	235	227	224	214	179	207	227	200	214	195
6	229	243	223	228	218	195	210	232	197	206
7	243	242	253	236	229	218	196	213	224	208
8	253	243	246	262	224	229	218	200	197	216
9	246	246	267	273	299	265	244	258	224	204
10	254	223	224	246	224	243	236	223	227	166
11	211	241	212	207	219	190	201	198	174	165
12	190	198	233	208	<u>209</u>	<u>213</u>	<u>175</u>	<u>187</u>	<u>183</u>	<u>162</u>
Special Ed.	28	24	26	<u>1</u>						
Ungraded	<u>3</u>	<u>3</u>	<u>3</u>							
Total	3035	3070	3035	3009	2936	2896	2812	2783	2683	2556

Projected Enrollment (School Year)

Year	Enrollment
2004	2,625
2005	2,631
2006	2,619
2007	2,593
<u>2008</u>	2,582
<u>Rate of Increase in Enrollment</u>	
1994-2003	(1.36%)
Annualized	

Source: Roane County Board of Education

Facilities

School	Grades	Construction Type	Construction Date	Renovation or Addition Date
Geary Elem./Middle	PK-8	Masonry	1980	1986, 1995
Reedy Elementary	PK-5	Masonry	1980	-
Spencer Elementary	PK-4	Masonry	1982	1988, 1989 1991, 1999
Spencer Middle	5-8	Masonry	1949	1991, 1999
Walton Elem./Middle	PK-8	Masonry	1966	1980, 1986 1995, 1998
Roane County High	9-12	Masonry	1993	-

Source: Roane County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Roane 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 that 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 that was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections

Year	Projected Gross Tax (\$) at 100%	Projected Net Tax Collected (\$) at 92-93% Less Assessors Fee	Actual (\$) Collected	Actual (%) Collected
<u>1998-99</u>				
General Current	1,531,543	1,404,854	1,530,548	99.94%
Debt Service	398,589	362,154	408,377	102.46%
<u>1999-00</u>				
General Current	1,519,031	1,393,377	1,536,547	101.16%
Debt Service	374,122	315,615	361,928	104.27%
<u>2000-01</u>				
General Current	1,580,178	1,440,174	1,608,767	101.16%
Debt Service	348,750	316,865	363,040	104.10%
<u>2001-02</u>				
General Current	1,715,271	1,563,298	1,763,029	102.79%
Debt Service	349,252	317,415	367,290	105.17%
<u>2002-03</u>				
General Current	1,835,287	1,672,681	1,835,878	100.04%
Debt Service	344,117	343,492	358,399	104.15%

Source: Roane County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2003 assessment year valuations are made as of July 1, 2003, with taxes levied and collected during the fiscal year July 1, 2003, through June 30, 2004.

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

Property Classification

Article X, Section 1, of the Constitution of West Virginia and Chapter 11, Article 8, Section 5 of the Code of West Virginia of 1931, as amended, created four classifications of property for which the tax rates, but not the assessed values, are limited. These tax classifications are as follows: Class I - all tangible personal property employed exclusively in agriculture, all products of agriculture while owned by the producer; Class II - owner-occupied residential property and certain farm lands; Article 10, Section 1b of the Constitution of the

State of West Virginia and Chapter 11, Article 6B, Section 3 of the West Virginia Code of 1931, as amended, provides that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified owners residing therein; Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

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

Assessed Valuation By Property Class

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	13,505,854	10,880,262	6,996,792	5,866,362	4,599,484
II	95,811,075	102,803,649	109,288,731	119,745,459	122,606,250
III	107,279,731	110,161,100	119,551,846	129,343,517	145,587,708
IV	<u>26,866,750</u>	<u>28,609,886</u>	<u>33,438,470</u>	<u>33,351,473</u>	<u>32,579,247</u>
Total	243,463,410	252,454,897	269,275,839	288,306,811	305,372,689

Assessed Valuation By Property Category*

Category	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Real	142,442,580	161,470,460	157,098,520	168,498,840	172,158,670
Personal	68,196,497	59,405,826	81,528,264	89,349,706	100,200,740
Public Utility	<u>32,824,333</u>	<u>31,578,611</u>	<u>30,649,055</u>	<u>30,458,265</u>	<u>33,013,279</u>
Total	243,464,410	252,454,897	269,275,839	288,306,811	305,372,689

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

\$30,209,028 in 1999-2000	\$32,511,660 in 2000-2001
\$30,787,349 in 2001-2002	\$33,392,530 in 2002-2003
\$32,171,805 in 2003-2004	

Largest Assessed Valuations (2003 Class III & IV)

Property Owner	Assessed Valuation (\$)
Columbia Natural Resources	24,230,248
Wal-Mart	4,184,367
Spencer Veneer	3,554,002
Monarch Rubber	1,703,044
First National Bank	1,277,476
Nichols Graphics	1,174,107
Traders Bank	902,177
Hardman Supply (Harspro)	874,423
Glenmark Properties	693,300
Poca Valley	629,413

Note: Class I Intangible Personal Property was not taxable for 2003. Class I property now consists of farm machinery, farm animals and farm products.

Source: Roane County Assessor

Tax Rate Comparisons

The following shows Roane County property tax rates in cents per \$100 assessed valuation (This includes the total levy for State, County and schools in each County listed), in comparison with a few select surrounding counties, for tax year 2003; Fiscal year 2003-2004.

Rates of Levy

County	Class I	Class II	Class III/IV
Roane	42.83	85.66	171.32
Calhoun	45.77	91.54	183.08
Clay	42.03	84.06	168.12
Jackson	62.67	125.34	250.68
Kanawha	60.56	121.12	242.24
Wirt	62.84	125.68	251.35

Source: West Virginia State Auditor

County Tax Rates

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

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

School Tax Rates

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

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

School Current Levy

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	20.48	20.48	20.48	20.48	20.48
II	40.96	40.96	40.96	40.96	40.96
III and IV	81.92	81.92	81.92	81.92	81.92

School Bonds

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	4.68	4.52	4.17	3.84	3.56
II	9.36	9.04	8.34	7.68	7.12
III and IV	18.72	18.08	16.68	15.36	14.24

* Roane County did not have any School Excess Levy.

Source: West Virginia State Auditor

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

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Roane County Board of Education, in cents per \$100 assessed valuation for the 2003-2004 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
County Excess	4.24	8.48	16.96
School Current	20.48	40.96	81.92
School Bonds	3.56	7.12	14.24

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 2003-2004 fiscal year.

Municipality	Class I	Class II	Class IV
Reedy	12.20	24.40	48.80
Spencer	12.34	24.68	49.36

Source: State of West Virginia, State Auditor

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

Summary of Statistical Debt Information

Population (2000)	15,120
Assessed Valuation*	\$305,372,689
Debt Limit (5% of Assessed Valuation)	15,268,634
Outstanding Debt (1994 Bonds)	2,710,000
Debt Contracting Margin	12,558,634
Per Capita Debt	179.23
Outstanding Debt As Percentage Of Assessed Valuation	.89%

*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2004).

Debt Service Requirements

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

**Schedule of Bonded Indebtedness
Series 2003**

Year Ending June 30	Series 2003 Bonds Principal	Series 2003 Bonds Interest	Total
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
Total			

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Capital Projects Fund

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

4. General Current Expense Fund

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

Investment of Certain Funds

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

Accounting Practices

The accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in

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

Budgetary Procedures

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

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

Internal Control

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

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

Roane County School District's Statement of Revenues and Expenditures - Budget

**Revenues and Expenditures
Budget
General Current Expense Fund
Year ended June 30**

	1999-2000	2000-2001	2001-2002
<i>Revenues Collected:</i>			
Local Sources:			
Taxes (including interest and penalties)	\$ 1,519,155	\$ 1,495,930	\$ 1,653,298
Other Local Revenues	868,533	484,635	353,555
Intermediate Sources	21,033	17,920	22,567
State Sources	14,454,172	13,818,592	14,098,304
Federal Sources	2,897,395	3,343,984	2,961,729
Miscellaneous	<u>16,152</u>	<u>584,491</u>	<u>4,086</u>
Total Revenues	19,776,440	19,745,552	19,093,539
<i>Expenditures Paid:</i>			
Regular Elementary/Secondary Programs	8,172,884	8,490,661	8,366,198
Special Education Programs	2,487,714	2,620,535	2,808,475
Vocational Programs	676,498	659,673	747,394
Other Elementary/Secondary Education Programs	92,059	80,979	54,996
Adult/Continuing Education Programs	46,140	49,769	55,389
Community Services Programs	28,344	24,430	36,807
Undistributed Expenditures	<u>8,818,169</u>	<u>8,183,335</u>	<u>7,930,570</u>
Total Expenditures Paid	20,321,808	20,109,382	19,999,829
Excess (Deficiency) of Revenues Over Expenditures	(545,368)	(363,830)	(906,290)
<i>Other financing sources (uses)</i>			
Operating transfers in	-	-	548,936
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>(544,817)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,119</u>
Excess (deficiency) of revenues over Expenditures and other financing sources (uses)	-	(363,830)	(902,171)
Fund Balance, Beginning of Year	<u>545,368</u>	363,830	902,171
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Roane County Board of Education

Roane County School District's Statement of Revenues and Expenditures - Actual

**Revenues and Expenditures
Actual
General Current Expense Fund
Year ended June 30**

	1999-2000	2000-2001	2001-2002
<i>Revenues:</i>			
Local Sources:			
Taxes (including interest and penalties)	\$ 1,536,547	\$ 1,608,762	\$ 1,763,029
Other Local Revenues	815,773	548,124	401,788
Intermediate Sources	18,813	8,653	18,498
State Sources	13,944,386	13,727,474	13,668,008
Federal Sources	2,486,643	3,093,839	2,669,179
Miscellaneous	<u>13,337</u>	<u>678</u>	<u>4,291</u>
Total Revenues	<u>18,815,499</u>	<u>18,987,530</u>	<u>18,524,793</u>
<i>Expenditures:</i>			
Regular Elementary/Secondary Programs	8,046,927	8,212,784	8,218,336
Special Education Programs	2,395,504	2,487,952	2,629,299
Vocational Programs	657,795	651,915	670,146
Other Elementary/Secondary Education Programs	36,003	66,722	42,193
Adult/Continuing Education Programs	32,562	30,450	55,823
Community Services Programs	28,464	24,560	23,498
Undistributed Expenditures	<u>7,775,053</u>	<u>7,231,706</u>	<u>6,972,858</u>
Total Expenditures Paid	18,972,308	<u>18,706,089</u>	<u>18,609,153</u>
Excess (deficiency) of revenues over expenditures	(156,809)	281,441	(84,360)
Other Financing Sources (Uses):			
Operating Transfers in	-	588,086	559,505
Operating Transfers (out)	-	<u>(451,439)</u>	<u>(558,279)</u>
Total Other Financing Sources	-	<u>136,647</u>	<u>1,226</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(156,809)	418,088	(83,134)
Fund Balance – beginning of year	<u>890,101</u>	<u>733,292</u>	<u>1,151,380</u>
Fund Balance – end of year	<u>\$ 733,292</u>	<u>\$ 1,151,380</u>	<u>\$ 1,068,246</u>

Source: Roane County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2002, 24,977 retirees and beneficiaries were receiving benefits. As of July 1, 2002, there are 22,443 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%. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2002 by Buck Consultants, Inc. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 7.5% annually, net after expenses. As of July 1, 2002, the unfunded liability of TRS was \$4.61 billion. The funded percentage was 19.2%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of July 1, 2002, there were approximately 21,284 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 interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

1. Type	<u>Amount in Force (FY 2003)</u>
Fire, extended coverage/buildings & personal property	\$42,078,200 (cost \$56,013)
Public official position bond: Superintendent	\$10,000 (cost \$135)
Board President	\$10,000 (cost \$85)
Treasurer	\$200,000 (cost \$812)
Blanket Bond	\$1,000,000 (WV BOR)
Fidelity Honesty Bond (all employees)	\$ -
Money & Securities (all employees)	\$ -
Deductible - \$1,000 per occurrence	\$1,000

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2003 to July 1, 2004. The Board is insured for following coverages:

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

2. Limits of Liability

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

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

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

Source: Roane County Board of Education

TAX MATTERS

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

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

As shown on the cover page of this Official Statement, the initial public offering price of certain of the Bonds is less than that amount payable on such Bonds at maturity (such Bonds are hereinafter referred to as the "Discount Bonds"). The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID that is treated as having accrued with respect to the Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Bond Counsel is of the opinion that amounts received upon such disposition that are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days that are determined by reference to the maturity date of the Discount Bonds. The amount of OID that is treated as having accrued in respect of a

Discount Bond for any particular semiannual compounding period is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds and with respect to the state and local tax consequences of owning such Discount Bonds.

As also shown on the cover page of this Official Statement, certain of the Bonds will be sold with an original issue premium ("OIP"); such Bonds are hereinafter referred to as the "Premium Bonds". The OIP will be equal to the excess of a Holder's tax basis in the Premium Bond over the amount payable at maturity or, in the case of a Premium Bond subject to redemption, the amount payable on the redemption date. Under current law, the OIP for a Premium Bond must be amortized on an annual basis by the Holder of the Premium Bond. The amount of OIP amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the Premium Bond be deducted from the Holder's tax basis in such Premium Bond. This reduction in a Holder's tax basis will affect the amount of capital gain or loss to be recognized by the Holder when the Premium Bond is sold or redeemed. Holders of Premium Bonds should consult their tax advisors with respect to the determination and treatment of amortizable OIP for federal income tax purposes and with respect to the state and local tax consequences of owning such Premium Bonds.

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

Bond Counsel is further of the opinion that pursuant to Section 265 (b) (3) (D) (ii) of the Code, the Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Bonds satisfy the requirements set forth in Section 265 (b) (3) (D) (ii) of the Code. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Bonds. Accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

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

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

On May 11, 1982 in the matter entitled Pauley v. Bailey, a special judge of the Circuit Court for Kanawha County held that the West Virginia school finance system violates the West Virginia Constitution and that inequities in the levels of funding for various counties were attributable to undue reliance on excess levies

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

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

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

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

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

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants in following a policy of approval of segregated outbuildings for special education students and expenditures

therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

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

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

LITIGATION

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

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board that 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 (the "Repositories") and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board's Series 1994 Bonds were not required to comply with the Rule. The Board has agreed to retain United Bank, Inc., Charleston, West Virginia to serve as Dissemination Agent in conjunction with continuing disclosure for its Series 2003 Bonds in order to comply with the Rule. The form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (a) computation of forecasted receipts of principal and interest of certain Escrow Securities deposited in the Escrow Fund and the forecasted payments of principal, interest and premium, if any, to redeem the Refunded Bonds and (b) computations of the yields of the Bonds and certain Escrow Securities deposited in the Escrow Fund were examined by Smith Cochran & Hicks, P.L.L.C., Certified Public Accountants. Such computations were based solely on the assumptions and information supplied by the Underwriter. Smith

Cochran & Hicks, P.L.L.C. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

LEGAL MATTERS

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

RATING

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

UNDERWRITING

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

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of The Board of Education of the County of Roane, Public School Refunding Bonds, Series 2003.

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 that may have been made orally or in writing is to be construed as a contract with the holders of any of the Bonds.

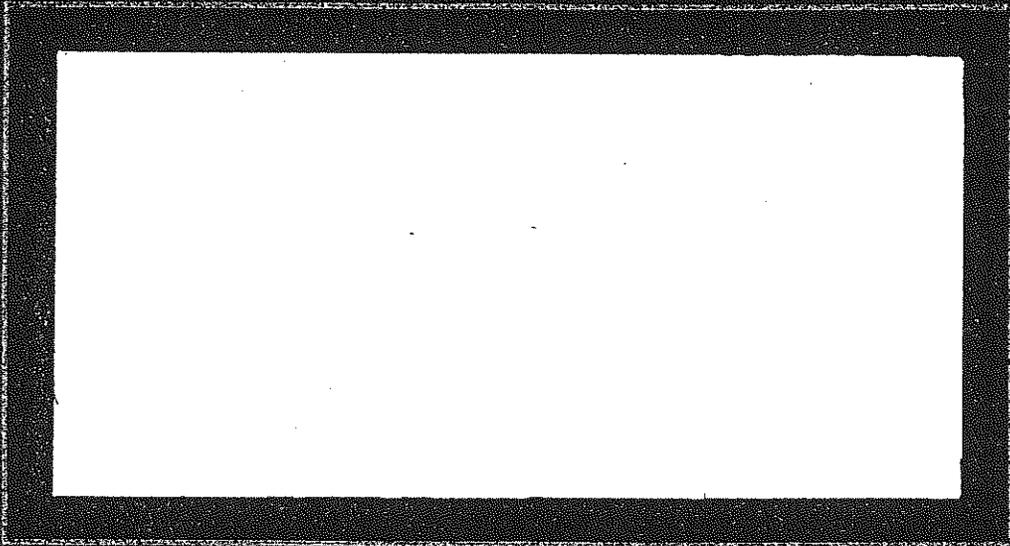
THE BOARD OF EDUCATION
OF THE COUNTY OF ROANE

By: _____
President

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**AUDIT REPORT OF ROANE COUNTY BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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CERTIFIED PUBLIC ACCOUNTANTS

Business Advisors & Consultants

A Professional Limited Liability Company

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December 19, 2002

Honorable Members of the Board
Roane County Board of Education
Spencer, West Virginia

We have audited the financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Professional standards require that we provide you with the following information related to our audit.

**THE AUDITORS' RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY
ACCEPTED IN THE UNITED STATES OF AMERICA AND OMB CIRCULAR A-133**

As stated in our proposal to audit the Board's financial statements, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the Board'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. We also considered 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.

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As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Board's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Board's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Board's compliance with those requirements.

As a result of our tests, we noted several opportunities to strengthen internal controls and compliance with grant conditions and requirements, which follow.

Purchasing Procedures

The Board utilizes the West Virginia Department of Education *Handbook for School Finance in West Virginia* for purchasing procedures and guidelines. Although additional purchasing policies and procedures are not required by the West Virginia Department of Education, such procedures, when tailored for the size and complexity of the Board, should enhance and strengthen internal controls and provide for competitive open market purchases. Furthermore, the West Virginia Department of Education is drafting new legislation which will require County Boards of Education to have certain mandatory purchasing policies and procedures in place within the next two fiscal years.

We recommend that the Board adopt and implement purchasing policies and procedures that are appropriate to the Board's size and structure. These policies and procedures should include, at a minimum; (1) dollar limits for requiring written or verbal quotations, (2) dollar limits requiring a competitive bidding process, (3) goods or services excluded from the bidding process, (4) the approval hierarchy for purchases of certain dollar ranges and, (5) the dollar requirement for obtaining a purchase order. Furthermore, the Board should ensure that the purchasing policies and procedures are in compliance with the new legislation when finalized.

Fixed Asset Valuation

Section V, Subpart B of the *Fixed Asset Inventory System Procedures Manual for County Boards of Education in the State of West Virginia*, issued by the West Virginia Department of Education requires that, starting with the fiscal year ending June 30, 2003, all fixed assets be valued using historical cost, which is defined as all costs expended by the county to place the asset into service. All donated assets are to be valued at fair market value as of the date of donation. The Board has successfully compiled a detailed fixed asset inventory; however, the information has not been entered into the WVEIS accounting system.

We recommend that the Board ensure that adequate resources are devoted to implement the fixed asset requirements of the *Fixed Asset Inventory System Procedures Manual for County Boards of Education in the State of West Virginia*.

Free and Reduced Verification Sample

According to 7 CFR Part 245.6a, "State Agencies shall ensure that by December 15 of each school year, School Fund Authorities have selected and verified a sample of their approved free and reduced applications in accordance with the conditions and procedures described in this section...Sampling consists of verifying a random sample of a minimum of 3% of approved applications on file as of October 31..." As noted in the 2002 verification report, the required income verification of 3 percent of the applications approved for eligibility was completed according to regulations; however, approximately 20% of the sample selected required status changes that would decrease federal reimbursement. When sampling techniques result in a high percentage of status changes, school officials should consider expanding the testing to a larger portion of the population.

We recommend that the Board work closely with the West Virginia Department of Education to determine acceptable sampling errors and when expansion of testing should be considered.

Medicaid Funding

The Medicaid funding reimbursement for the Board has increased substantially over the past two years. The Board, under the direction of the West Virginia Department of Education, Office of Special Education has identified potential services which can be reimbursed through the Medicaid program for certain eligible special education students. Due to the complex Medicaid rules and regulations, it is imperative that the Board ensure that adequate policies and procedures are in place to appropriately document the eligibility of the participants and the services provided in accordance with the requirements of the Medicaid program and ensure that appropriate and accurate documentation is maintained to minimize the risk that reimbursements are not disallowed by Medicaid auditors during on-site reviews. Further, management should ensure that a process is in place to track the Medicaid reimbursements requested and the Medicaid reimbursements received to ensure that the financial statements of the Board appropriately reflect the Medicaid reimbursements.

We recommend that management of the Board ensure that policies and procedures are developed for each of the areas mentioned above in the Medicaid reimbursement process. Furthermore, management should follow the recommendations outlined in the separate agreed-upon procedures report provided to management regarding the Medicaid program.

Cash Management

OMB Circular A-133 requires that the grantee agency establish procedures to minimize the time elapsing between drawdown of federal funds and disbursement of federal funds. Further, the grantee is required to review cash management of federal awards and if interest was earned on federal cash draws, remit it to the appropriate agency. The Board receives some federal funding from the State of West Virginia on an allocation basis; however, the Board does not have procedures in place to calculate interest earned on federal awards and remit it to the appropriate agency.

We recommend that the Board develop policies and procedures to minimize the time elapsed between drawdown of federal funds and disbursement of federal funds. Further, the Board should ensure that interest earned on federal awards is remitted to the appropriate agency in a timely manner.

Unclaimed Property

West Virginia State Code §36-8 sets forth the Unclaimed Property rules for all entities within the State of West Virginia. These rules require all entities within the State of West Virginia to file annual unclaimed property reports and remit to the State of West Virginia Treasurer all unclaimed property which meet the definitions of abandonment under West Virginia State Code §36-8-2. Further, beginning in the calendar year 2003, the State of West Virginia is planning to expand its field audits of entities within the State of West Virginia to ensure compliance with West Virginia State Code.

We recommend that the Board develop policies and procedures consistent with West Virginia State Code §36-8 to ensure that annual reports are filed and all unclaimed property is remitted to the State of West Virginia Treasurer in a timely manner.

Office of School Finance, Mandated Reporting Changes

The West Virginia Department of Education, Office of School Finance is responsible for formulating the requirements of a uniform system of management accounting for all Boards of Education in West Virginia. Over the past few years, the Office of School Finance has initiated significant changes in financial reporting and accountability which have required a significant amount of personnel time and funding to ensure compliance with the required changes. Upcoming changes to the financial reporting process include the valuation of fixed assets based upon estimated or historical cost information, establishment of a special revenue fund to include all federal and state special projects of the Board, recognition of revenue in accordance with GASB Statement Number 33, and many additional changes which will require significant time and funding to implement. These changes have had a positive effect on the Board's financial reporting process and has provided the users of the financial statements with a better understanding of the Board's financial picture.

We recommend that the Board devote the necessary resources to ensure adequate personnel and funding are available to support the ongoing changes mandated by the West Virginia Department of Education, Office of School Finance.

OTHER REQUIRED COMMUNICATIONS

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Board are described in Note 1 to the financial statements. As discussed in Note 2 to the financial statements, as required by the basis of accounting prescribed by the West Virginia Department of Education, the Board began recording the liability resulting from accrued vacation leave in the long-term debt account group. In addition, the Board began recording the financial activity of the district's schools in a separate special revenue fund. We noted no other transactions entered into by the Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the fixed asset amount recorded in the general fixed asset account group.

Management's estimate of the fixed assets recorded in the general fixed asset account group, as allowed by the West Virginia Department of Education, is based upon the appraisal value for insurance purposes or other reasonable approximation of current value because historical cost is not available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole based upon the basis of accounting prescribed or permitted by the West Virginia Department of Education.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been determined except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Board's financial reporting process; that is, cause future financial statements to be materially misstated. In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Board, either individually or in the aggregate, indicate matters that could have a significant effect on the Board's financial reporting process. In addition, the attached schedule summarizes uncorrected misstatements, if any, of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Other Information in Documents Containing Audited Financial Statements

The Board has presented the schedule of expenditures of federal awards, which is not a required part of the basic financial statements but is supplementary information required by the U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

* * * * *

This report is intended solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, grantor agencies, or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

The foregoing comments are not intended to be all-inclusive, but rather represent those matters that we consider most worthy of your consideration. We appreciate the opportunity to present these recommendations and are prepared to further discuss them at your convenience.

Suttle & Stalnaker, PLLC
Suttle & Stalnaker, PLLC

Adjusting Journal Entries
 ROANE COUNTY BOARD OF EDUCATION
 June 30, 2002

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	CASH-CURRENT EXPENSE	C-2	11-100	50,461.42	
1	WORKER'S COMP PREMIUM PAYABLE		11-199		50,461.42
To record the worker's comp payable at 6/30/02.					
2	FIXED ASSETS	M-1	99-100	17,661,700.00	
2	INVESTMENT IN FIXED ASSETS		99-300		17,661,700.00
To adjust fixed assets to actual at 6/30/02.					
3	UNRESERVED-UNDESIGNATED (CURRENT EX	M-1b	11-340	164,165.00	
3	RESERVED FOR ENCUMBRANCES		11-300		164,165.00
To adjust encumbrances to reflect the order of 3 school buses prior to 6/30/02.					
Totals				17,876,326.42	17,876,326.42

Passed Adjusting Journal Entries
ROANE COUNTY BOARD OF EDUCATION
June 30, 2002

<u>PAJE No.</u>	<u>Account Description</u>	<u>W/P Ref</u>	<u>Account Number</u>	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue Expense</u>
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There are no complete passed adjusting journal entries.

ROANE COUNTY BOARD
OF EDUCATION

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2002

AND

INDEPENDENT AUDITORS' REPORT

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FUNDS INCLUDED IN REPORT
YEAR ENDED JUNE 30, 2002

GOVERNMENTAL FUND TYPES

General Current Expense
Debt Service Fund
Special Revenue - Individual Schools Fund

FIDUCIARY FUND TYPE

Trust Agency Fund

ACCOUNT GROUPS

General Fixed Assets
General Long-Term Debt

ROANE COUNTY BOARD OF EDUCATION
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ROANE COUNTY BOARD OF EDUCATION
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YEAR ENDED JUNE 30, 2002

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ROANE COUNTY BOARD OF EDUCATION
BOARD OFFICIALS
YEAR ENDED JUNE 30, 2002

Office	Name	Term
<u>Elective</u>		
Board Members:	Randy Whited	07/98 - 06/02
	Jerry Greathouse	07/00 - 06/04
	Cynthia Stutler	07/00 - 06/04
	David Boothe	07/98 - 06/02
	Richard Boggs	07/98 - 06/02
<u>Appointive</u>		
Board President	David Boothe	07/00 - 06/02
Superintendent	Stephen Goffreda	07/01 - 06/05
Treasurer	David Kinison	07/01 - 06/02

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

Honorable Members of the Board
Roane County Board of Education
Spencer, West Virginia

We have audited the accompanying financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting prescribed or permitted by the West Virginia Department of Education and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2002 and the results of its operations for the year then ended.

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ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Roane County Board of Education (the Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and the Board officials are comprised of five members nominated and elected by the voters of the county for four year terms. The Board officials are responsible for the supervision and control of the county school district and have the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

The accompanying financial statements have been prepared in conformity with the basis of accounting prescribed or permitted by the West Virginia Department of Education which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. A summary of the significant accounting policies of the Board is presented below. Except as described in Note 2, these policies were applied on a basis consistent with that of the preceding year.

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

- Oversight responsibilities
- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Special financial relationships

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

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 comprise its assets, liabilities, fund equity, revenues, and expenditures. The following fund types and account groups are used by the Board.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue - Individual Schools Fund: The Special Revenue - Individual Schools Fund includes the accounts maintained by the individual schools.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Effective for all new capital leases entered into on or after July 1, 2001, capital lease obligations are reported entirely in the debt service fund.

Fiduciary Fund Types

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 terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The term "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The Board serves as the fiscal agency for a portion of the funds for the Roane County PATCH. The Roane County PATCH center serves students in Roane County and promotes afterschool youth and community enrichment initiatives. The Roane County PATCH center's main source of revenue is from a federal grant from the U.S. Department of Education. An expendable trust is accounted for in essentially the same manner as a government fund.

Account Groups

General Fixed Assets Account Group: This account group is established to account for all fixed assets of the Board.

General Long-Term Debt Account Group: This account group is established to account for all long-term debt of the Board.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with accounting principles generally accepted in the United States of America, all governmental funds 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 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) and expenditures are normally recognized when the goods are received or the liability is incurred. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year end.

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

Revenues - Revenues are generally maintained on a modified accrual basis and are recognized in the combined statement of revenues, expenditures and changes in fund balances when earned with the following exception:

- Property taxes reflected as taxes receivable and included in the current year's revenue include only amounts collected by the sheriff during the month of June but not received by the Board until July.

Reimbursements Receivable - Reimbursements receivable include amounts that have been encumbered but not expended at year end.

Earmarked Funds - Earmarked funds include the excess of amounts received for specifically funded projects over expenditures and encumbrances incurred for projects in which funds are truly legally restricted as to use.

Fixed Assets - Fixed assets are reported at appraisal value or other approximation of current value.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budgets are prepared in accordance with the following procedures.

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

The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

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

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

CASH AND CASH EQUIVALENTS AND INVESTMENTS - Cash and cash equivalents and investments principally consist of interest-earning deposits with banking institutions in either checking or savings accounts, deposits with the West Virginia Investment Management Board (IMB) and deposits with the West Virginia Municipal Bond Commission (MBC). Such deposits are recorded at cost, which approximates market value. The deposits with the IMB are part of the State of West Virginia's Consolidated Investment Pool and are not separately identifiable as to specific types of securities. Investment income is prorated to the Board at rates specified by the IMB based on the balance of deposits maintained in relation to the total deposits of all state agencies participating in the pool. The deposits with the MBC are held for debt service requirements of the Board and investment income is prorated to the Board at rates specified by the MBC. Cash and cash equivalents include short term investment securities with original maturities of ninety days or less. The Board had no fixed - term investments at June 30, 2002.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Boards of education are authorized by statute to invest excess funds for investment purposes with either the West Virginia Investment Management Board or the West Virginia Municipal Bond Commission. In addition, the boards of education can choose to invest such funds in obligations of the United States or any agency thereof, certificates of deposit or repurchase agreements. Complete financial statements with supplementary information of the IMB and MBC can be obtained from their respective administrative offices.

INVENTORIES - The Board considers inventories of materials and supplies as expended at the time of purchase, therefore, they do not appear in the Board's financial statements.

PREPAID ITEMS - Except for the required deposit with the Workers' Compensation Commission, payments made to vendors for services that will benefit periods beyond the end of the fiscal year, are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

FIXED ASSETS - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the General Fixed Assets Account Group. As prescribed or permitted by the West Virginia Department of Education, fixed assets are valued at appraisal value for insurance purposes or other reasonable approximation of current value since actual historical cost information is not available. No depreciation is recognized for assets in the General Fixed Assets Account Group. Interest incurred during construction is not capitalized on general fixed assets.

LONG-TERM OBLIGATIONS - The current portion of long-term debt due in the upcoming fiscal year and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Effective for all new capital leases entered into on or after July 1, 2000, capital lease obligations are reported entirely in the general long-term debt account group.

COMPENSATED ABSENCES - It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation benefits can be accumulated up to 79 days and carried forward to the subsequent fiscal year. Sick benefits can be accumulated up to an unlimited number of days and can be carried forward to the subsequent fiscal year. Upon termination, employees would be compensated for accumulated vacation benefits only. Therefore, no liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is immaterial and reported in the general long-term debt account group along with amounts not expected to be liquidated with expendable available financial resources. No expenditure is reported for these amounts.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY - Reserves represent those portions of fund equity not available for future appropriation, or legally segregated for a specific use. The designated portion of the unreserved fund balance represents that portion of fund equity committed by official Board action prior to the end of the fiscal year for each specific purpose. Said specific purposes and amounts are recorded in the official Board minutes. The unreserved, undesignated fund balance represents funds available for reappropriation.

OTHER FINANCING SOURCES (USES) - As required by the basis of accounting prescribed or permitted by the West Virginia Department of Education, the other financing sources (uses) includes transfers from various funds of the Board and intrafund transfers between projects of the Board.

ACCOUNTING ESTIMATES - The preparation of financial statements in conformity with the basis of accounting prescribed or permitted 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 expenditures during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

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 in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

NOTE 2 -- CHANGE IN ACCOUNTING POLICY

As required by the basis of accounting prescribed or permitted by the West Virginia Department of Education, the Board changed its method of accounting for the following items in order to comply with accounting principles prescribed or permitted by the West Virginia Department of Education:

Compensated absences. For the year ended June 30, 2002, the Board began recording the liability resulting from accrued vacation leave in the amount of \$47,610 in the long-term debt account group.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 2 -- CHANGE IN ACCOUNTING POLICY (Continued)

Individual schools. For the year ended June 30, 2002, the Board began recording the financial activity of the accounts maintained by the individual schools in a separate special revenue fund. For the year ended June 30, 2002, the excess of expenditures over revenues in the Special Revenue Fund - Individual Schools attributable to the combined financial activity of the accounts maintained by the individual schools was \$27,480. In addition, the beginning fund balances of the Board required restatement of \$158,906 to record the beginning fund balance of the Special Revenue - Individual Schools Fund.

NOTE 3 -- CASH AND CASH EQUIVALENTS

At June 30, 2002, information concerning the amount of deposits with financial institutions was as follows:

Carrying amount of cash and cash equivalents	\$ 198,220
Amount of deposits with the Investment Management Board	<u>2,210,585</u>
Carrying amount of deposits with financial institutions	<u>\$ 2,408,805</u>
Balance per bank of deposits with financial institutions	\$ 1,108,181
Amount insured by FDIC	<u>179,496</u>
Amount collateralized by U.S. Government securities, held in the name of the financial institution, pledged to the board and otherwise unencumbered	<u>\$ 928,685</u>

NOTE 4 -- INVESTMENTS

In accordance with GASB Statement No. 3, investments are classified as to level of risk by the three categories described below:

Category 1 includes investments that are insured or registered, or for which the securities are held by the Board or its agent in the Board's name.

Category 2 includes investments that are uninsured and unregistered or for which the securities are held by the counterparty's trust department or agent in the Board's name.

Category 3 includes uninsured and unregistered investments held by the counterparty or the counterparty's trust department or agent but not in the Board's name.

At June 30, 2002, investments totaled \$183,668, and consisted of deposits with the West Virginia Municipal Bond Commission, an investment pool managed by other governments. In accordance with GASB Statement No. 3, these investments were uncategorized.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 5 -- PROPERTY TAXES

All property in the State is classified as follows for ad valorem tax purposes:

- Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; 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 Class I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Class I and II property.

A five year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property is to be taxed at 50% of assessed valuation of intangible personal property for tax year 1998; 40% for tax year 1999; 30% for tax year 2000; 20% for tax year 2001 and 10% for tax year 2002.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢ per \$100 of assessed valuation
Class II	45.90¢ per \$100 of assessed valuation
Class III	91.80¢ per \$100 of assessed valuation
Class IV	91.80¢ per \$100 of assessed valuation

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid by the Assessor's valuation fund are also to be excluded from the calculation. The rates of levy for the 2002 year were: 20.48¢ for class I property, 40.96¢ for class II property and 81.92¢ for classes III and IV property.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 5 -- PROPERTY TAXES (Continued)

The rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2002 were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense Rate	Bond Purposes
Class I	\$ 6,996,792	20.48¢	4.17¢
Class II	\$ 109,288,731	40.96¢	8.34¢
Class III	\$ 119,551,846	81.92¢	16.68¢
Class IV	\$ 33,438,470	81.92¢	16.68¢

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 up to two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, interest at the rate of nine percent per annum is added from the date they become delinquent.

NOTE 6 -- GENERAL FIXED ASSET ACCOUNT GROUP

At June 30, 2002 the general fixed asset account group consisted of the following:

Land	\$ 1,813,213
Buildings and improvements	38,588,914
Furniture and equipment	4,461,017
Vehicles	<u>2,578,030</u>
Total general fixed asset account group	<u>\$ 47,441,174</u>

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 6 -- GENERAL FIXED ASSET ACCOUNT GROUP (Continued)

During the fiscal year ended June 30, 2002, the Board undertook construction from three grant awards totaling \$353,609 from the West Virginia School Building Authority (SBA). The grants are for the replacement of carpet at Roane County High School (\$170,000 SBA grant with local match of \$12,286), replacement of the sewer plant at Walton Elementary/Middle School (\$161,997 SBA grant with local match of \$28,597), and a technology grant (\$21,612 SBA grant with local match of \$3,814). Total estimated costs of the construction are \$398,306. The SBA has funded \$353,609 of the total budgeted construction with any overruns to be funded from local funds of the Board. As of June 30, 2002, total expenditures incurred approximated \$34,000 and the SBA had reimbursed the Board approximately \$34,000 for these expenditures. As allowed by the basis of accounting prescribed by the West Virginia Department of Education, expenditures for construction less than three percent of general current expenditures are paid through the General Current Expense Fund of the Board. Total project expenditures for the year ended June 30, 2002 were approximately \$34,000 and total amounts encumbered at June 30, 2002 were approximately \$354,000.

NOTE 7 -- LEASES

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes.

In accordance with the basis of accounting prescribed or permitted by the West Virginia Department of Education, all new capital leases entered into on or after July 1, 2000 must be reported in the General Long-Term Debt Account Group. Because this lease was in effect prior to July 1, 2000, the Board has elected not to record the capital lease obligations in the General Long-Term Debt Account Group. Total assets at June 30, 2002 recorded under capital leases in the General Fixed Asset Account Group were approximately \$700,000.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment has been installed in several schools. The lease requires semiannual payments of \$58,191 through April 15, 2004. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year if funding for the lease payments for the next fiscal year is not available.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 7 -- LEASES (Continued)

The following is a summary of the future minimum required payments by year under the lease purchase agreements as of June 30, 2002:

<u>Year</u>	
2003	\$ 116,382
2004	<u>116,382</u>
Total lease payments	232,764
Less amount representing interest	<u>13,560</u>
Present value of minimum lease payments	<u>\$ 219,204</u>

NOTE 8 -- BOND INDEBTEDNESS

On July 1, 1994, the Board issued \$3,700,000 in general obligation bonds to provide funds for the acquisition, construction, equipping and renovation of its facilities. Interest is payable semiannually at interest rates between 5% and 7% through May 1, 2015. The bond issue was authorized by the Board and ratified by the voters at a special election held on May 10, 1994 for the purpose of school construction. The bonds were issued in denominations of \$5,000, bearing interest at rates ranging from 5% to 7%, payable semiannually on the first days of May and November of each year. Bond principal payments and semiannual interest payments are to be deposited with the West Virginia Municipal Bond Commission.

Total bonds payable at June 30, 2001	\$ 3,005,000
Less principle retirements	<u>145,000</u>
Total bonds payable at June 30, 2002	2,860,000
Less current portion	<u>150,000</u>
Long-term bonds payable	<u>\$ 2,710,000</u>

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 8 -- BOND INDEBTEDNESS (Continued)

Bonds outstanding at June 30, 2002 are as follows:

<u>Bond Numbers</u>	<u>Maturity Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
769775BL0	5-1-03	\$ 150,000	\$ 162,265	\$ 312,265
769775BM8	5-1-04	160,000	151,765	311,765
769775BN6	5-1-05	170,000	140,565	310,565
769775BP1	5-1-06	180,000	131,215	311,215
769775BQ9	5-1-07	190,000	121,135	311,135
769775BR7	5-1-08	200,000	110,305	310,305
769775BS5	5-1-09	215,000	98,805	313,805
769775BT3	5-1-10	225,000	86,335	311,335
769775BU0	5-1-11	240,000	73,285	313,285
769775BV8	5-1-12	255,000	59,365	314,365
769775BW6	5-1-13	275,000	44,575	319,575
769775BX4	5-1-14	290,000	30,000	320,000
769775BY2	5-1-15	<u>310,000</u>	<u>15,500</u>	<u>325,500</u>
Total bonds of this issue not presented for payment at June 30, 2002:		<u>\$ 2,860,000</u>	<u>\$ 1,225,115</u>	<u>\$ 4,085,115</u>

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM

All full-time board of education employees are required to participate in one of two statewide, cost-sharing multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System (TDBS) or the Teachers' Defined Contribution Retirement System (TDCRS). For the year ended June 30, 2002, the Board's total payroll for all employees was \$11,561,021, and was \$11,212,455 for all employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Trend Information - Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board for the year ended June 30, 2002, which can be obtained directly from the Consolidated Public Retirement Board, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

Conversion of leave for post-retirement - Upon retirement, an employee's annual and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

TEACHERS' DEFINED BENEFIT RETIREMENT SYSTEM (TDBS)

Plan Description - The TDBS plan is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941 and was closed to new members as of July 1, 1991. To qualify for full benefits, a member must be age sixty with at least five years of credited service, or be age fifty-five with at least thirty years of credited service or any age with at least thirty-five 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 their regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average of the member's five highest fiscal years of total earnings from covered employment during the members last fifteen years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age of fifty and completed twenty-five years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding status - At June 30, 2002, the plan's unfunded liability was approximately \$4.1 billion according to the 2001 Actuarial Valuation Report.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Contribution Requirements and Payments Made - This plan is a fully qualified plan in accordance with Internal Revenue Service requirements. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board contributes 15% of covered participants' gross compensation to the retirement plan, for a total of 21% annually.

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

Required contributions for the total TDBS plan for the year ended June 30, 2002 and the two previous years are as follows:

Year ended June 30	<u>2000</u>	<u>2001</u>	<u>2002</u>
Required contributions	\$220,853,000	\$229,926,000	\$254,050,000
As a % of current year covered payroll	17.95%	17.91%	19.27%

Of the total amount appropriated by the State, the portion equal to the employer's required contribution rate (15%) is considered to be the employer's contribution for the current cash flow requirements and is reflected as revenue in the Board's financial statements. The balance is considered the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Total payments reflected in the Board's financial statements to the TDBS plan for the fiscal year ended June 30, 2002 were as follows:

Employee contributions (6%)	\$ 411,874
Employer contributions (15%)	<u>1,029,685</u>
Total contributions	<u>\$ 1,441,559</u>

TEACHERS' DEFINED CONTRIBUTION RETIREMENT SYSTEM (TDCRS)

Plan Description - All Board employees hired after July 1, 1991, participate in the TDCRS retirement system. Employees in the TDBS may, now or in the future, freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the TDBS plan may change to this plan and transfer the funds that were deposited in the TDBS plan to this plan. Once the member has transferred to the TDCRS plan, the member is not allowed to rejoin the TDBS plan.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

One feature of the TDCRS system is that each employee chooses the investment options and may make changes at the beginning of each calendar quarter. Seven investment options are provided from which a participant may choose in multiples of five percent. The investment options are: Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, Valic Individually Allocated Fixed Annuity, Vanguard Money Market Reserve Prime, Washington Mutual Investors and Federated Max-Cap.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested and employer contributions and earnings vest with the member as follows: one-third after six years, two-thirds after nine years, and 100% after twelve years. The member is fully vested at death or disability. As of June 30, 2001, this plan had approximately \$320 million in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the members' individual account at the time of retirement. The accounting administration of the TDCRS plan is the responsibility of Milliman and Robertson, an independent third party administrator.

Funding Status - There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in their account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the TDBS system.

Contribution Requirements and Payments Made - This is a fully qualified plan in accordance with the Internal Revenue Service requirements, therefore all employee contributions are tax deferred. Members contribute 4.5% of their gross compensation and employers contribute 7.5% of covered member's gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the TDCRS plan for the fiscal year ended June 30, 2002 were as follows:

Employees contributions (4.5%)	\$ 195,806
Employers contributions (7.5%)	<u>326,345</u>
Total contributions	<u>\$ 522,151</u>

NOTE 10 -- RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provision of State Law, participates in the following risk management programs administered by the State of West Virginia. Each of the risk pools have issued separate, audited financial reports on its operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements can be obtained directly from their respective administrative offices. In addition, the Board insures its buildings and contents through a commercial insurer with blanket coverage of approximately \$52,000,000.

BOARD OF RISK AND INSURANCE MANAGEMENT

The Board participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk insurance pool for all State agencies, component units, boards of education, and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

PUBLIC EMPLOYEES' INSURANCE AGENCY

The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency (PEIA). PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug, and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$200,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage for the Managed Care Organization Plan to the plan provider, and has transferred risk of life insurance coverage to a third party insurer.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 10 -- RISK MANAGEMENT (Continued)

WORKERS' COMPENSATION FUND

The Workers' Compensation Fund (WCF) is a division of the Bureau of Employment Programs, which is an agency of the State of West Virginia. 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 boards of education, who has a payroll must have coverage. The cost of all coverage as determined by the WCF Compensation Programs Performance Council is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

NOTE 11 -- PENDING LITIGATION

The Board is involved in a number of legal proceedings and claims, primarily involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any of the lawsuits with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. Management believes that the Board's insurance through the State Board of Risk and Insurance Management appears adequate to cover any potential liability.

ROANE COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed-through State Department of Agriculture			
Food Distribution	10.550	88	\$ 41,015
Passed-through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	88	184,002
National School Lunch Program	10.555	88	<u>447,123</u>
Total U.S. Department of Agriculture			<u>672,140</u>
U.S. Department of Education			
Twenty- First Century Community Learning Centers	84.287	N/A	72,214
Passed-through State Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	43	402,105
Special Education - Preschool Grants	84.173	43	67,720
Adult Education - State Grant Program	84.002	61	6,379
Title I - Grants to Local Education Agencies	84.010	41	892,021
Vocational Education - Basic Grants to States	84.048	50/57	38,114
Safe and Drug-Free Schools and Communities- National Programs	84.186	48	23,446
Education for Homeless Children and Youth	84.196	54	6,902
Eisenhower Professional Development State Grant	84.281	38	21,899
Innovative Education Program Strategies	84.298	42	15,446
Class Size Reduction Program	84.340	42	187,718
Gaining Early Awareness and Readiness For Undergraduate Programs	84.334	74	<u>99,116</u>
Total U.S. Department of Education			<u>1,833,080</u>
U.S. Department of Health and Human Services			
Passed-through State Department of Education			
Food Safety Pilot Project	93.283	49	<u>3,043</u>
Total U.S. Department of Health and Human Services			<u>3,043</u>
Total Expenditures of Federal Awards			<u>\$ 2,508,263</u>

The Accompanying Notes Are An Integral
 Part Of The Schedule Of Expenditures Of Federal Awards

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Board and is presented on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is described in detail in Note 1 to the accompanying financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

NOTE 2 -- DONATED FOOD VALUE

Donated food represents surplus agricultural commodities received from the U. S. Department of Agriculture (CFDA # 10.550), passed-through from the West Virginia Department of Agriculture. Commodities are valued based on amounts as established by the U.S. Department of Agriculture.

For the year ended June 30, 2002, total expenditures were \$41,015, and the value at June 30, 2002 of donated food inventories was approximately \$8,800.

ROANE COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2002

Program	Findings/Noncompliance	Questioned Cost
2001-1 CFDA # 84.287	<u>Federal Grant Performance Report</u> – Management of the Roane County PATCH program was unable to provide documentation supporting the statistics reported in the required Federal Grant Performance Report filed for the grant year ended September 30, 2001. <u>Current Year Status</u> – Resolved	N/A



INDEPENDENT AUDITORS' 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 Board
Roane County Board of Education
Spencer, West Virginia

We have audited the financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002, which was modified because the Board prepares its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Board in a separate letter dated December 19, 2002.

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Board in a separate letter dated December 19, 2002.

This report is intended solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, and grantor or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Suttle + Stalmaker, PLLC
December 19, 2002



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 Board
Roane County Board of Education
Spencer, West Virginia

Compliance

We have audited the compliance of the Roane County Board of Education (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The Board's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

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Internal Control Over Compliance

The management of the Board 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 Board'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 solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, and grantor agencies or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.


December 19, 2002

ROANE COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2002

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Reportable condition(s) identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Reportable condition(s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

	<u> </u> yes	<u> X </u> no
--	-----------------------	-----------------

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553/10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.010</u>	<u>Title I - Grants to Local Education Agencies</u>
<u>84.340</u>	<u>Class Size Reduction Program</u>

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

Auditee qualified as low-risk auditee? X yes no

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

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SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

None

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

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SECTION III

FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS SECTION

None

APPENDIX B

**ECONOMIC AND DEMOGRAPHIC DATA –
COUNTY OF ROANE (WEST VIRGINIA)**

Introduction

Roane County (the "County") is located in the west central section of West Virginia. The City of Spencer is the county seat. The County is located 50 miles from Charleston; 48 miles from Parkersburg and 155 miles from Columbus, Ohio.

The County is governed by, and generally acts through, The County Commission of Roane County. The present Commissioners of the County Commission, elected on a countywide basis, are Judy Fouty, President; Richard Lance and Rodney Cox. 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

Year	Roane County	West Virginia	United States
1990	15,120	1,792,548	249,622,814
2000	15,446	1,807,099	282,124,631

Economy

The ten (10) largest employers and number of employees for the year 2003 in the County are:

Employer	Employees
Roane County Board of Education	360
Roane General Hospital	240
Wal-Mart Associates, Inc.	198
Spencer Veneer, LLC	120
McDonalds of Spencer	76
Monarch Rubber Company	62
Burke-Parsons-Bowlby Corp.	62
Roane County Commission	50
Roane Co. Family Health Care, Inc.	46
Roane Co. Comm. on Aging	34-50

Sources: State of West Virginia, Bureau of Employment Programs,
Dept. of Labor and Research and Roane County Economic
Development Authority/Chamber of Commerce.

Average Annual Unemployment Rates (%)

Year	Roane County	West Virginia
1998	11.3	6.6
1999	12.4	6.6
2000	12.5	5.5
2001	13.4	4.8
2002	11.2	6.1
2003 (August)	7.7	6.4

Average Annual Employment by Industry

Industry	2000	2001	2002	2003
Mining	240	240	Chart	Format
Construction	180	180	Changed	By
Manufacturing	790	610	State -	See
Transportation, Public Utilities	60	50	2002/03	Below
Wholesale & Retail Trade	850	810		
Finance, Insurance, Real Estate	150	150		
Services	890	920		
Government	710	680		
TOTAL				

Average Annual Employment by Industry

Industry	2002	2003 (Aug.)
Natural Resources & Mining	260	290
Construction	120	120
Manufacturing	440	410
Wholesale Trade	70	70
Retail Trade	570	560
Transportation & Utilities	30	30
Financial Activities	140	130
Professional & Business Services	80	80
Education & Health Services	600	580
Leisure & Hospitality	160	150
Other Services	280	280
Government	680	680
TOTAL		

Average Employment and Annual Wage (\$)

	Average Employment		Average Annual Wage	
	1998	2002	1998	2002
Roane County	3,657	3,164	20,870	22,016
West Virginia	678,568	683,194	25,278	28,615

Per Capita Personal Income

County	1990	2001	Rank in State
United States	\$19,572	\$30,413	---
West Virginia	\$14,579	\$22,862	---
Roane County	\$10,473	\$16,547	48

Wages Per Industry (2002)

Industry	Total Wages	Average Annual Wage
Mining	6,181,638	24,433
Construction	2,233,722	19,944
Manufacturing	9,754,707	23,006
Trade, Transportation and Public Utilities	12,557,518	18,743
Trade – Wholesale	1,948,218	28,650
Trade – Retail	9,393,203	16,336
Information	517,949	15,695
Finance & Insurance	3,596,088	27,662
Professional & Business Services	1,391,471	17,179
Education & Health Services	13,350,953	22,252
Leisure & Hospitality	1,459,195	9,235
Other Services	734,022	19,838
Government	17,691,397	27,302
TOTAL		

Total Wages (\$)

Year	Roane County	West Virginia
1997	71,621,856	16,537,513,606
1998	76,322,507	17,153,017,978
1999	76,675,881	17,708,843,730
2000	78,150,450	18,464,578,396
2001	73,203,331	19,189,237,777
2002	69,658,362	19,549,827,426

Community Data

Education Facilities	
Elementary	2
Middle or Jr. High	1
High Schools	1
Vocational Schools	0
Other	2
Colleges:	
Glenville State College, Glenville (Gilmer Co.)	
WV State College, Institute (Kanawha Co.)	
University of Charleston, Charleston (Kanawha Co.)	

Recreational Facilities	
Parks	1
Baseball-Softball Fields	5
Basketball Courts:	
Indoor	5
Outdoor	1
Playgrounds	4
Swimming pools	1
Auditoriums	2
Stadiums	2
Theaters:	
Indoors	1
Outdoors	0
Golf Courses	1
Tennis Courts	
Indoor	0
Outdoor	2
Country Clubs	1

Medical	
Hospitals	1
Beds	60
Doctors	13
Dentists	3

Transportation	
Highways:	
Interstates	1-79
WV Routes	36, 14
US Routes	119,33
Motor Freight:	
Carriers available	Yes
Parcel service available	Yes
Industrial Parks	0
Airports:	
State run (private), Spencer	
Roane Co. Airport, Spencer	
Railroads:	0
Bus Service	No

Communications	
Newspapers:	1
Telephone:	
Verizon, Citizens Telecom	
Radio:	2

Utilities	
Electricity:	
Allegheny, American Elec.	
Power	
Natural Gas:	
Pennzoil Co., Allegheny Power,	
Consumers Gas Utility Co., Wagner	
Gas Co.	

Other Data	
Child Care	3
Banks (including branches)	3
Libraries	4

Sources: State of West Virginia, Bureau of Employment Programs
 Dept. of Labor and Research

FORM OF LEGAL OPINION

[LETTERHEAD OF GOODWIN & GOODWIN, LLP]

November ___, 2003

\$ ___,000
**The Board of Education of
The County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003**

The Board of Education of the County of Roane
Spencer, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Board of Education of The County of Roane (the "Issuer") of its \$2,910,000 in aggregate principal amount of Public School Refunding Bonds, Series 2003 (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and a Resolution and Order duly adopted by the Issuer on November ___, 2003 (the "Resolution"), and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Bonds are issued in fully registered form, are dated November 1, 2003, upon original issuance, represented by a single bond for each maturity, numbered R-1 to R-12, inclusive, with interest payable on each May 1 and November 1, commencing May 1, 2004, and principal installments payable each May 1, commencing May 1, 2004, and continuing until maturity thereof, being May 1, 2015.

The Resolution provides that the issue is for the purposes of providing funds, together with other moneys of the Issuer, to pay costs necessary to advance refund all of the Issuer's Outstanding Public School Bonds, Series 1994, dated July 1, 1994 (the "Prior Bonds"), originally issued in the aggregate principal amount of \$3,700,000, of which \$2,710,000 is presently outstanding, and to pay costs of issuance of the Bonds and other costs in connection with such refunding. Issuance of the Prior Bonds was approved by the voters of the Roane County School District (the "District") at an election held in the District on May 10, 1994, for the purpose of financing costs of improving, constructing, erecting, renovating, furnishing and equipping certain new and existing school facilities in the District.

The Bonds have been sold to Ferris, Baker Watts, Incorporated, Charleston, West Virginia (the "Purchaser") pursuant to a Bond Purchase Agreement dated _____, 2003, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Escrow Agent contained in the Resolution and the Escrow Agreement (all such terms as defined in the Resolution) and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer and the Escrow Agent pertaining to tax matters set forth in the Resolution and the Escrow Agreement and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

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

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

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

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

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

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it, together with any subordinate entities, does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2003. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

7. The Prior Bonds have been paid within the meaning and with the effect expressed in the Refunding Act, and the covenants, agreements and other obligations of the Issuer to the holders and owners of such Prior Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph 6, we have relied upon the verification report of certain independent certified public accountants relating to the sufficiency of the maturing principal of and interest to be earned on the United States Treasury Obligations deposited in the Escrow Fund established with the West Virginia Municipal Bond Commission, as Escrow Agent, which, together with any other moneys on deposit in said Escrow Fund, will provide for the payment of the principal of and interest on such Prior Bonds through the maturity date thereof.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Resolution, the Escrow Agreement and the Purchase Commitment are subject to any applicable bankruptcy,

reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Respectfully submitted

GOODWIN & GOODWIN, LLP

APPENDIX D

ELECTED AND APPOINTED OFFICIALS OF THE BOARD

Board President – Jerry Greathouse

Works for Monarch Rubber Company of Spencer, WV
Occupation – Plant Manager
Add'l Occupation – Farmer
Educational Level – Masters in Educational Administration
Years as Board Member – 11 years

Vice – President – Cynthia Stutler

Works for U.S. Postal Service
Occupation – Mail Carrier
Add'l Occupation – Clinical Scientist
Educational level – BS in Chemistry & Biology
Years as Board Member – 5.5 years

Member – Richard C. Boggs

Works for Energy Air Corporation
Occupation – Pilot/President Chief Pilot
Add'l Occupation – None
Educational Level – BS Business Management
Years as Board Member – 12 years

Member –Randy Whited

Works for Eastern Oil Well, Inc.
Occupation – Well Tender
Add'l Occupation – Minister
Educational Level – High School Diploma
Years as Board Member - 5 years

Member – Garrett Samples

Works for Verizon
Occupation – Engineer
Add'l Occupation – None
Educational Level – BA in Business
Years as Board Member – 2 years

Superintendent – Stephen F. Goffreda

Works for Roane County Board of Education
Occupation – Chief Executive Officer (CEO)
Add'l Occupation – Disk Jockey
Educational Level – Master of Arts, Educational Administration
Years of Experience 26-years

Asst. Superintendent – Doris L. Weekley

Works for Roane County Board of Education
Occupation – Assistant Superintendent of Instruction
Add'l Occupation – special Education Director
Educational Level – Master of Arts, Special Education/Educational Leadership
Years of Experience – 28 years

Asst. Superintendent – David Kinison

Works for Roane County Board of Education
Occupation – Assistant Superintendent of Instructional Support
Add'l Occupation – Chief Financial Officer (CFO)
Educational Level – Master of Arts, Business Education/Administration
Years of Experience – 27 years

Transportation Coordinator - Woodrow E. Wilson

Works for Roane County Board of Education
Occupation - Transportation Director
Add'l Occupation - None
Educational Level - Master of Arts, Educational Administration
Years of Experience - 27 years

Personnel Coordinator– Kathy D. Whoolery

Works for Roane County Board of Education
Occupation – Personnel Coordinator
Add'l Occupation – None
Educational Level – Master of Arts, Educational Administration
Years of Experience – 27 years

Student Services/Attendance Director – Roger L. Miller

Works for Roane County Board of Education
Occupation – Attendance Director
Add'l Occupation – Student Services
Educational Level – Master of Arts, Educational Administration
Years of Experience – 26 years

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (the "Issuer"), and UNITED BANK,, INC., a state banking corporation, _____, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$____,000, The Board of Education of the County of Roane (West Virginia), Public School Refunding Bonds, Series 2003 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Underwriter" shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2002-2003 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

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

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications to rights of security holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property security repayment of the securities; and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in

full of all of the Bonds or (ii) when the Issuer is not an obligated person with respect to the Bonds, as provided in the Rule. If the Issuer's obligations under the this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as the Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Dated: November __, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (West Virginia)

By: _____
President

UNITED BANK, INC.

By: _____
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Roane (West Virginia)

Name of Bond Issue: \$____,000 Public School Refunding Bonds, Series 2003

Date of Bond Issue: November __, 2003

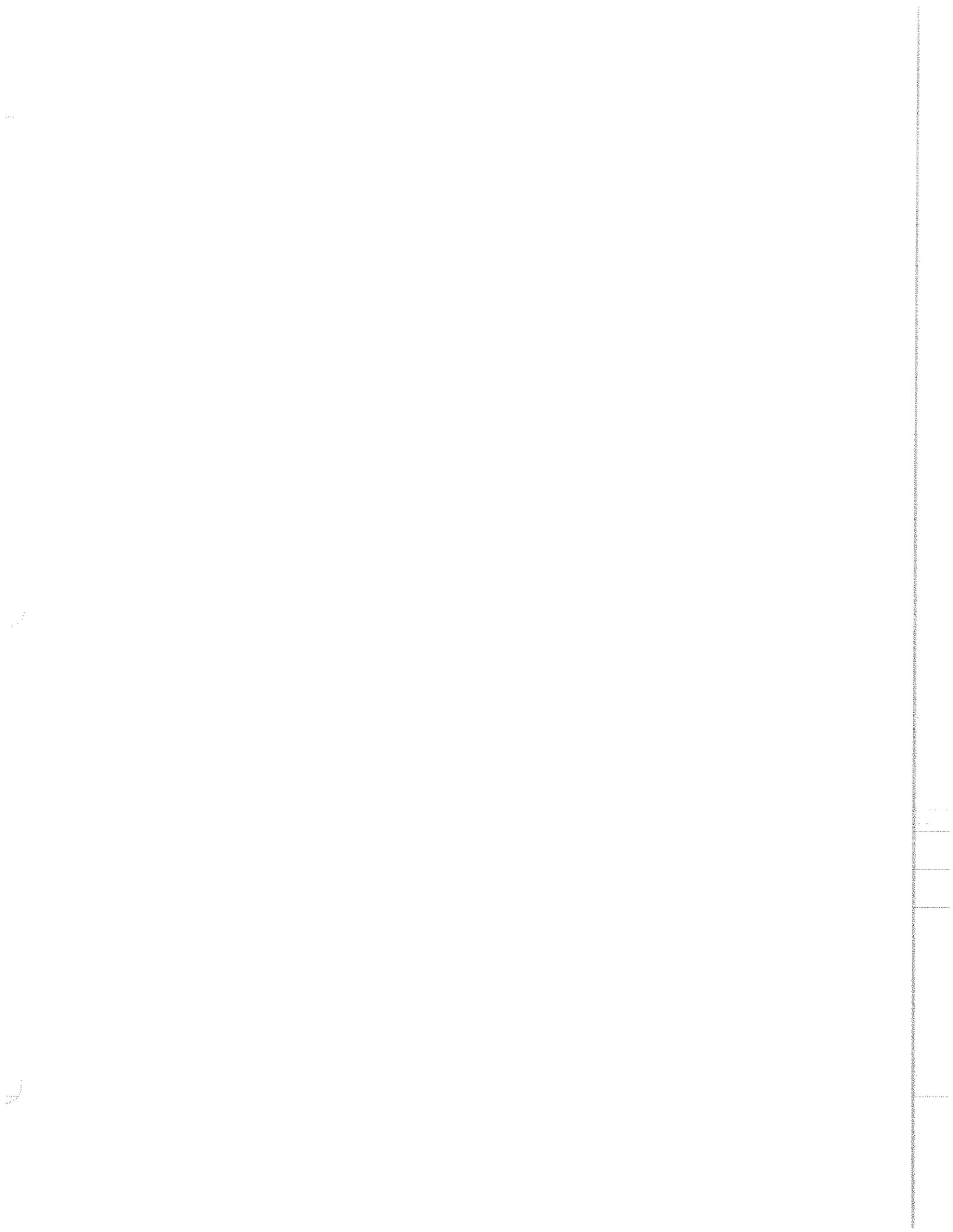
NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated November __, 2003, to be provided. The Issuer anticipates that the Annual Report will be filed by

_____.

Dated: _____,

on behalf of the Issuer

cc: [Issuer]





**NEW ISSUE
BOOK-ENTRY ONLY**

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

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

\$2,900,000

**THE BOARD OF EDUCATION OF THE
COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003**

Dated: November 1, 2003

Due: May 1, as shown below

The Bonds are general obligations of The Board of Education of the County of Roane, West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Roane County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount. The Bonds are being issued to advance refund the Board's Public School Bonds, Series 1994 (the "Series 1994 Bonds").

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 and Article 2 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 as Escrow Agent for the Series 1994 Bonds, and United Bank, Inc., Charleston, West Virginia, as Registrar for the Bonds.

Interest on the Bonds will accrue from November 1, 2003 and will be payable May 1, 2004 and semiannually thereafter (each May 1 and November 1) in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Owners of the Bonds, as described herein.

The Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) 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 as described herein.

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP
2004	\$190,000	2.50	1.00	769775 BZ 9
2005	210,000	2.50	1.25	769775 CA 3
2006	215,000	2.50	1.58	769775 CB 1
2007	220,000	2.50	1.95	769775 CC 9
2008	225,000	2.50	2.33	769775 CD 7
2009	235,000	2.75	2.64	769775 CE 5
2010	240,000	3.00	2.95	769775 CF 2
2011	250,000	3.25	3.24	769775 CG 0
2012	260,000	3.50	3.48	769775 CH 8
2013	275,000	3.50	3.61	769775 CJ 4
2014	280,000	3.625	3.73	769775 CK 1
2015	300,000	3.75	3.84	769775 CL 9

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Mark G. Sergent, Prosecuting Attorney of Roane County, Spencer, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, in New York, New York on or about November 20, 2003.

November 4, 2003

Ferris, Baker Watts, Incorporated

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

ELECTED OFFICIALS

Jerry Greathouse, President
Cynthia Stutler, Vice President
Richard Boggs
Randy Whited
Garrett Samples

APPOINTED OFFICIALS

Stephen F. Goffreda, Superintendent
Doris Weekley, Assistant Superintendent Instruction
David A. Kinison, Assistant Superintendent Instructional Support

BOARD'S COUNSEL

Mark G. Sergent
Prosecuting Attorney of Roane County
Spencer, West Virginia

BOND COUNSEL

Goodwin & Goodwin, LLP
Charleston, West Virginia

UNDERWRITER

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

UNDERWRITER'S COUNSEL

Goodwin & Goodwin, LLP
Charleston, West Virginia

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Roane, West Virginia, or the Underwriter, 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 or the Underwriter. 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 that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. 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.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

Relating To
\$2,900,000
THE BOARD OF EDUCATION
OF THE

COUNTY OF ROANE (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$2,900,000 in aggregate principal amount of The Board of Education of the County of Roane (West Virginia) Public School Refunding Bonds, Series 2003 (the "Bonds"). A brief description of The Board of Education of the County of Roane, West Virginia (the "Board"), the Roane County School District (the "School District") and the County of Roane, West Virginia (the "County" or "Roane County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

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

The Bonds are being issued to provide for the refunding of the Board's Public School Bonds, Series 1994, issued in the original aggregate principal amount of \$3,700,000 (the "Series 1994 Bonds"), of which \$2,710,000 is outstanding. Proceeds of the Bonds will also be used to pay costs of issuance.

At a special election held on May 10, 1994, the issuance of bonds in an amount of up to \$3,700,000 and the levy sufficient to pay principal of and interest on such bonds, were authorized and approved for the purpose of paying the cost of making certain capital improvements in the School District. The Series 1994 Bonds were issued on July 6, 1994. The Bonds refund the Series 1994 Bonds.

After defeasance of the Series 1994 Bonds, the Bonds will be the only outstanding long term debt of the Board. The Bonds are payable from the same source of revenues, being the ad valorem taxes as aforementioned.

AUTHORITY AND PURPOSE

The issuance of the Series 1994 Bonds and the levy of taxes sufficient to pay the interest on and principal of such Series 1994 Bonds were authorized and approved at the primary election in the School District held on May 10, 1994, pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 21 years from the date of issuance of the Series 1994 Bonds and an interest rate not exceeding 7% per annum. The canvass of said special election showed 1,995 "Yes" votes and 1,146 "No" votes, a 63.51% 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.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act") and a Parameters Resolution of the Board adopted on October 9, 2003, and a Resolution and Order of the Board adopted on October 9, 2003 (collectively, the "Resolution"). The Board is issuing the Bonds for the purpose of advance refunding the Series 1994 Bonds. The Series 1994 Bonds will be deemed paid upon the completion of the advance refunding. Certain funds of the Board on deposit with the West Virginia Municipal Bond Commission (the "Bond Commission") relating to the Series 1994 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

PLAN OF FINANCE

The proceeds of the Bonds in the amount of \$2,824,930.00 will be combined with the sum of \$.59, which will be transferred from accounts of the Board at the Bond Commission, and will be applied towards the funding of an escrow to defease the Series 1994 Bonds. Such proceeds will be used to purchase direct obligations of the United States of America ("Government Obligations") in the amount of \$2,824,930.00. The Escrow Agent will hold the Government Obligations and \$.59 in cash. After transfer of the \$118,004.57 from the Bond Commission, there will remain in the accounts of the Board the sum of \$118,004.57, plus the amount of \$99,130.43 to be retained in the debt service account for the Bonds. The amount of \$118,004.57 will be transferred to the Board for its use to complete projects for which funds were not available from proceeds of the Series 1994 Bonds. Of the amount retained, the Board may withdraw \$118,004.57 after September 30, 2004. The Government Obligations will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on the delivery date of the Bonds (the "Escrow Agreement"), by and between the Board and the Commission. The Government Obligations will mature at such times and pay interest in such amounts that the maturing principal and interest thereon will be sufficient to pay, when due, principal of and interest on the Series 1994 Bonds and to redeem the Series 1994 Bonds on May 1, 2004. The maturing principal of and interest on the Government Obligations are not pledged to and will not be available to pay the Bonds.

SOURCES AND USES OF FUNDS

Sources:

Principal Amount of the Bonds	\$2,900,000.00
Net Original Issue Premium	10,459.95
Accrued Interest	<u>4,666.22</u>
Total	\$2,915,126.17

Uses:

Deposit to Escrow Fund (1)	\$2,824,930.59
Costs of Issuance Account (2)	35,529.36
Underwriter's Discount	50,000.00
Accrued Interest	<u>4,666.22</u>
Total	\$2,915,126.17

- (1) The amount set forth in the Escrow Agreement as required, together with the income thereon to effect the refunding of the Series 1994 Bonds as described herein.
- (2) Includes fees and expenses of rating agency, bond counsel, underwriter's counsel, printing, accountants verification report and other fees.

THE BONDS

General

The Bonds are dated November 1, 2003, are issued as fully registered bonds in \$5,000 denominations, or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing May 1	Principal Amount (\$)	Interest Rate (%)	Yield (%)
2004	\$190,000	2.50	1.00
2005	210,000	2.50	1.25
2006	215,000	2.50	1.58
2007	220,000	2.50	1.95
2008	225,000	2.50	2.33
2009	235,000	2.75	2.64
2010	240,000	3.00	2.95
2011	250,000	3.25	3.24
2012	260,000	3.50	3.48
2013	275,000	3.50	3.61
2014	280,000	3.625	3.73
2015	300,000	3.75	3.84

Both the principal of and interest on the Bonds are payable at the office of the West Virginia State Treasurer. The West Virginia State Treasurer has designated the West Virginia Municipal Bond Commission, Charleston, West Virginia, as its Paying Agent (the "Paying Agent") for payment of the Bonds and United Bank, Inc., Charleston, West Virginia, as the Registrar.

Interest on the Bonds will accrue from November 1, 2003 and will be payable May 1, 2004 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Bonds maturing on or after May 1, 2014, are subject to redemption on or after May 1, 2013, at the option of the Board, in whole at any time or in part on any interest payment date, for any moneys available for such purpose, at the Redemption Price of par, plus interest, if any, accrued to the date fixed for redemption.

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

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as Series 2003 Bonds depository for the Series 2003 Bonds. The Series 2003 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2003 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of the Series 2003 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2003 Bonds, except in the event that use of the book-entry system for the Series 2003 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2003 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2003 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2003 Bonds may wish to take certain steps to augment

the transmission to them of notices of significant events with respect to the Series 2003 Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2003 Bonds may wish to ascertain that the nominee holding the Series 2003 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2003 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2003 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2003 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Series 2003 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2003 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2003 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

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

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

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 the Bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law.

Debt Administration

The Bond Commission is charged with the administration of the interest and sinking funds created to service the debt of the State and its subdivisions. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund

for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned by delinquencies, improper assessments and exonerations. There has not been a default on the payment of principal or interest of any general obligation bond in the State of West Virginia since the Bond Commission commenced centralized supervision and administration in 1921.

Since 1933, the annual State of West Virginia Budget Bill has embodied a protective provision for certain State agency and taxing district obligations, if deficiencies should arise. The following excerpt from the 2003 Budget Bill is indicative:

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

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal or interest on any general obligation bonds issued by The Board of Education of the County of Roane. 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.

ROANE COUNTY SCHOOL DISTRICT

General

All school districts in West Virginia are organized under the terms of legislation enacted in 1933. There is one school district in each county, the boundaries of which district are coterminous with those of the county. The Board is responsible for and is vested with the supervision and control of the School District and with the control and management of all public schools in the School District from kindergarten through the secondary school level. The Board is composed of five members nominated and elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2004, the terms of two members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2002-2003, the Roane County school system has an administrative staff of eight (8) with the overall responsibility to coordinate and supervise the activities of nine (9) school administrators, 222.5 instructional staff (teachers and other professionals), and 127.25 service personnel. Total Full Time Equivalent positions are 345.75. The estimated pupil-teacher ratio for the 2002-2003 school year was 18.5 (combined elementary, middle and secondary schools). The total adjusted student enrollment was 3,748.25; actual student enrollment (head count) was 2,683 students K-12.

Historical School Enrollment (School Year)

Grades	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Pre-K	125	129	87	114	77	95	115	106	101	103
K	198	213	240	224	203	180	191	180	205	173
1	177	217	213	208	224	210	181	192	175	208
2	205	176	191	212	208	221	201	179	189	166
3	218	218	183	197	223	212	219	197	180	193
4	220	227	210	179	200	218	198	218	193	191
5	235	227	224	214	179	207	227	200	214	195
6	229	243	223	228	218	195	210	232	197	206
7	243	242	253	236	229	218	196	213	224	208
8	253	243	246	262	224	229	218	200	197	216
9	246	246	267	273	299	265	244	258	224	204
10	254	223	224	246	224	243	236	223	227	166
11	211	241	212	207	219	190	201	198	174	165
12	190	198	233	208	<u>209</u>	<u>213</u>	<u>175</u>	<u>187</u>	<u>183</u>	<u>162</u>
Special Ed.	28	24	26	<u>1</u>						
Ungraded	<u>3</u>	<u>3</u>	<u>3</u>							
Total	3035	3070	3035	3009	2936	2896	2812	2783	2683	2556

Projected Enrollment (School Year)

Year	Enrollment
2004	2,625
2005	2,631
2006	2,619
2007	2,593
<u>2008</u>	2,582
<u>Rate of Increase in Enrollment</u>	
1994-2003	(1.36%)
Annualized	

Source: Roane County Board of Education

FACILITIES

School	Grades	Construction Type	Construction Date	Renovation or Addition Date
Geary Elem./Middle	PK-8	Masonry	1980	1986, 1995
Reedy Elementary	PK-5	Masonry	1980	-
Spencer Elementary	PK-4	Masonry	1982	1988, 1989 1991, 1999
Spencer Middle	5-8	Masonry	1949	1991, 1999
Walton Elem./Middle	PK-8	Masonry	1966	1980, 1986 1995, 1998
Roane County High	9-12	Masonry	1993	-

Source: Roane County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Roane 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 that 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 that was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

TAX LEVIES AND COLLECTIONS

Year	Projected Gross Tax (\$) at 100%	Projected Net Tax Collected (\$) at 92-93% Less Assessors Fee	Actual (\$) Collected	Actual (%) Collected
<u>1998-99</u>				
General Current	1,531,543	1,404,854	1,530,548	99.94%
Debt Service	398,589	362,154	408,377	102.46%
<u>1999-00</u>				
General Current	1,519,031	1,393,377	1,536,547	101.16%
Debt Service	374,122	315,615	361,928	104.27%
<u>2000-01</u>				
General Current	1,580,178	1,440,174	1,608,767	101.16%
Debt Service	348,750	316,865	363,040	104.10%
<u>2001-02</u>				
General Current	1,715,271	1,563,298	1,763,029	102.79%
Debt Service	349,252	317,415	367,290	105.17%
<u>2002-03</u>				
General Current	1,835,287	1,672,681	1,835,878	100.04%
Debt Service	344,117	343,492	358,399	104.15%

Source: Roane County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2003 assessment year valuations are made as of July 1, 2003, with taxes levied and collected during the fiscal year July 1, 2003, through June 30, 2004.

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

Property Classification

Article X, Section 1, of the Constitution of West Virginia and Chapter 11, Article 8, Section 5 of the Code of West Virginia of 1931, as amended, created four classifications of property for which the tax rates, but not the assessed values, are limited. These tax classifications are as follows: Class I - all tangible personal property employed exclusively in agriculture, all products of agriculture while owned by the producer; Class II -

owner-occupied residential property and certain farm lands; Article 10, Section 1b of the Constitution of the State of West Virginia and Chapter 11, Article 6B, Section 3 of the West Virginia Code of 1931, as amended, provides that the first twenty thousand dollars of assessed valuation of any real property, or of personal property in the form of a mobile home, used exclusively for residential purposes and occupied by the owner or one of the owners thereof as his residence, who is a citizen of the State and is sixty-five years of age or older or is certified as being permanently disabled, shall be exempt from ad valorem property taxation. Only one exemption shall be allowed for each homestead used and occupied exclusively for residential purposes by the owner thereof, regardless of the number of qualified owners residing therein; Class III - all real and personal property, other than Class I and II property, situate outside of municipalities; Class IV - all real, and personal property, other than Class I and II situate within municipalities. Public utility property falls within Class III or Class IV, as appropriate.

Assessed Valuations

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

Assessed Valuation By Property Class

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	13,505,854	10,880,262	6,996,792	5,866,362	4,599,484
II	95,811,075	102,803,649	109,288,731	119,745,459	122,606,250
III	107,279,731	110,161,100	119,551,846	129,343,517	145,587,708
IV	<u>26,866,750</u>	<u>28,609,886</u>	<u>33,438,470</u>	<u>33,351,473</u>	<u>32,579,247</u>
Total	243,463,410	252,454,897	269,275,839	288,306,811	305,372,689

Assessed Valuation By Property Category*

Category	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Real	142,442,580	161,470,460	157,098,520	168,498,840	172,158,670
Personal	68,196,497	59,405,826	81,528,264	89,349,706	100,200,740
Public Utility	<u>32,824,333</u>	<u>31,578,611</u>	<u>30,649,055</u>	<u>30,458,265</u>	<u>33,013,279</u>
Total	243,464,410	252,454,897	269,275,839	288,306,811	305,372,689

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

\$30,209,028 in 1999-2000	\$32,511,660 in 2000-2001
\$30,787,349 in 2001-2002	\$33,392,530 in 2002-2003
\$32,171,805 in 2003-2004	

Largest Assessed Valuations (2003 Class III & IV)

Property Owner	Assessed Valuation (\$)
Columbia Natural Resources	24,230,248
Wal-Mart	4,184,367
Spencer Veneer	3,554,002
Monarch Rubber	1,703,044
First National Bank	1,277,476
Nichols Graphics	1,174,107
Traders Bank	902,177
Hardman Supply (Harspro)	874,423
Glenmark Properties	693,300
Poca Valley	629,413

Note: Class I Intangible Personal Property was not taxable for 2003. Class I property now consists of farm machinery, farm animals and farm products.

Source: Roane County Assessor

Tax Rate Comparisons

The following shows Roane County property tax rates in cents per \$100 assessed valuation (This includes the total levy for State, County and schools in each County listed), in comparison with a few select surrounding counties, for tax year 2003; Fiscal year 2003-2004.

Rates of Levy

County	Class I	Class II	Class III/IV
Roane	42.83	85.66	171.32
Calhoun	45.77	91.54	183.08
Clay	42.03	84.06	168.12
Jackson	62.67	125.34	250.68
Kanawha	60.56	121.12	242.24
Wirt	62.84	125.68	251.35

Source: West Virginia State Auditor

County Tax Rates

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

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

School Tax Rates

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

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

School Current Levy

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	20.48	20.48	20.48	20.48	20.48
II	40.96	40.96	40.96	40.96	40.96
III and IV	81.92	81.92	81.92	81.92	81.92

School Bonds

Class	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I	4.68	4.52	4.17	3.84	3.56
II	9.36	9.04	8.34	7.68	7.12
III and IV	18.72	18.08	16.68	15.36	14.24

* Roane County did not have any School Excess Levy.
Source: West Virginia State Auditor

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

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Roane County Board of Education, in cents per \$100 assessed valuation for the 2003-2004 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
County Excess	4.24	8.48	16.96
School Current	20.48	40.96	81.92
School Bonds	3.56	7.12	14.24

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per \$100 assessed valuation for the 2003-2004 fiscal year.

Municipality	Class I	Class II	Class IV
Reedy	12.20	24.40	48.80
Spencer	12.34	24.68	49.36

Source: State of West Virginia, State Auditor

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

SUMMARY OF STATISTICAL DEBT INFORMATION

Population (2000)	15,120
Assessed Valuation*	\$305,372,689
Debt Limit (5% of Assessed Valuation)	15,268,634
Outstanding Debt (2003 Bonds)	2,900,000
Debt Contracting Margin	12,368,634
Per Capita Debt	191.8
Outstanding Debt As Percentage Of Assessed Valuation	.95%

*Assessed Value is estimated to be approximately 60% of appraised or market value (Fiscal Year 2004).

Debt Service Requirements

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

Schedule of Bonded Indebtedness

Series 2003

Year Ending June 30	Series 2003 Bonds Principal	Series 2003 Bonds Interest	Total
2004	\$190,000	\$44,206.25	\$234,206.25
2005	210,000	83,662.50	293,662.50
2006	215,000	78,412.50	293,412.50
2007	220,000	73,037.50	293,037.50
2008	225,000	67,537.50	292,537.50
2009	235,000	61,912.50	296,912.50
2010	240,000	55,450.00	295,450.00
2011	250,000	48,250.00	298,250.00
2012	260,000	40,125.00	300,125.00
2013	275,000	31,025.00	306,025.00
2014	280,000	21,400.00	301,400.00
2015	<u>300,000</u>	<u>11,250.00</u>	<u>311,250.00</u>
Total	\$2,900,000	\$616,268.75	\$3,516,268.75

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Capital Projects Fund

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

4. General Current Expense Fund

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

Investment of Certain Funds

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

Accounting Practices

The accounts and fund structure presented in the Board's financial statements are in accordance with Financial Accounting for Local and State School Systems, Handbook II, a system used by all school systems in

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

Budgetary Procedures

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

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

Internal Control

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

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

Roane County School District's Statement of Revenues and Expenditures - Budget

**Revenues and Expenditures
Budget
General Current Expense Fund
Year ended June 30**

	1999-2000	2000-2001	2001-2002
<i>Revenues Collected:</i>			
Local Sources:			
Taxes (including interest and penalties)	\$ 1,519,155	\$ 1,495,930	\$ 1,653,298
Other Local Revenues	868,533	484,635	353,555
Intermediate Sources	21,033	17,920	22,567
State Sources	14,454,172	13,818,592	14,098,304
Federal Sources	2,897,395	3,343,984	2,961,729
Miscellaneous	<u>16,152</u>	<u>584,491</u>	<u>4,086</u>
Total Revenues	19,776,440	19,745,552	19,093,539
<i>Expenditures Paid:</i>			
Regular Elementary/Secondary Programs	8,172,884	8,490,661	8,366,198
Special Education Programs	2,487,714	2,620,535	2,808,475
Vocational Programs	676,498	659,673	747,394
Other Elementary/Secondary Education Programs	92,059	80,979	54,996
Adult/Continuing Education Programs	46,140	49,769	55,389
Community Services Programs	28,344	24,430	36,807
Undistributed Expenditures	<u>8,818,169</u>	<u>8,183,335</u>	<u>7,930,570</u>
Total Expenditures Paid	20,321,808	20,109,382	19,999,829
Excess (Deficiency) of Revenues Over Expenditures	(545,368)	(363,830)	(906,290)
<i>Other financing sources (uses)</i>			
Operating transfers in	-	-	548,936
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>(544,817)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,119</u>
Excess (deficiency) of revenues over Expenditures and other financing sources (uses)	-	(363,830)	(902,171)
Fund Balance, Beginning of Year	<u>545,368</u>	363,830	902,171
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Roane County Board of Education

Roane County School District's Statement of Revenues and Expenditures - Actual

Revenues and Expenditures
Actual
General Current Expense Fund
Year ended June 30

	1999-2000	2000-2001	2001-2002
<i>Revenues:</i>			
Local Sources:			
Taxes (including interest and penalties)	\$ 1,536,547	\$ 1,608,762	\$ 1,763,029
Other Local Revenues	815,773	548,124	401,788
Intermediate Sources	18,813	8,653	18,498
State Sources	13,944,386	13,727,474	13,668,008
Federal Sources	2,486,643	3,093,839	2,669,179
Miscellaneous	<u>13,337</u>	<u>678</u>	<u>4,291</u>
Total Revenues	<u>18,815,499</u>	<u>18,987,530</u>	<u>18,524,793</u>
<i>Expenditures:</i>			
Regular Elementary/Secondary Programs	8,046,927	8,212,784	8,218,336
Special Education Programs	2,395,504	2,487,952	2,629,299
Vocational Programs	657,795	651,915	670,146
Other Elementary/Secondary Education Programs	36,003	66,722	42,193
Adult/Continuing Education Programs	32,562	30,450	55,823
Community Services Programs	28,464	24,560	23,498
Undistributed Expenditures	<u>7,775,053</u>	<u>7,231,706</u>	<u>6,972,858</u>
Total Expenditures Paid	18,972,308	<u>18,706,089</u>	<u>18,609,153</u>
Excess (deficiency) of revenues over expenditures	(156,809)	281,441	(84,360)
Other Financing Sources (Uses):			
Operating Transfers in	-	588,086	559,505
Operating Transfers (out)	-	<u>(451,439)</u>	<u>(558,279)</u>
Total Other Financing Sources	-	<u>136,647</u>	<u>1,226</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(156,809)	418,088	(83,134)
Fund Balance -- beginning of year	<u>890,101</u>	<u>733,292</u>	<u>1,151,380</u>
Fund Balance -- end of year	<u>\$ 733,292</u>	<u>\$ 1,151,380</u>	<u>\$ 1,068,246</u>

Source: Roane County Board of Education

Teachers Retirement Systems

Teachers Retirement System (Defined Benefit)

The Teacher's Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2002, 24,977 retirees and beneficiaries were receiving benefits. As of July 1, 2002, there are 22,443 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%. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2002 by Buck Consultants, Inc. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 7.5% annually, net after expenses. As of July 1, 2002, the unfunded liability of TRS was \$4.61 billion. The funded percentage was 19.2%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

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

As of July 1, 2002, there were approximately 21,284 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 interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia, Consolidated Public Retirement Board

Insurance Coverage

1. Type	<u>Amount in Force (FY 2003)</u>
Fire, extended coverage/buildings & personal property	\$42,078,200 (cost \$56,013)
Public official position bond: Superintendent	\$10,000 (cost \$135)
Board President	\$10,000 (cost \$85)
Treasurer	\$200,000 (cost \$812)
Blanket Bond	\$1,000,000 (WV BOR)
Fidelity Honesty Bond (all employees)	\$ -
Money & Securities (all employees)	\$ -
Deductible - \$1,000 per occurrence	\$1,000

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for the coverage period July 1, 2003 to July 1, 2004. The Board is insured for following coverages:

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

2. Limits of Liability

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

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

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

Source: Roane County Board of Education

TAX MATTERS

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

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

As shown on the cover page of this Official Statement, the initial public offering price of the Bonds maturing May 1, 2013 through May 1, 2015, inclusive, is less than that amount payable on such Bonds at maturity (such Bonds are hereinafter referred to as the "Discount Bonds"). The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID that is treated as having accrued with respect to the Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Bond Counsel is of the opinion that amounts received upon such disposition that are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days that are determined by reference to the maturity date of the Discount Bonds. The amount of OID that is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds and with respect to the state and local tax consequences of owning such Discount Bonds.

As also shown on the cover page of this Official Statement, the initial public offering price of the Bonds maturing May 1, 2004 through May 1, 2012, inclusive, will be sold with an original issue premium ("OIP"); such Bonds are hereinafter referred to as the "Premium Bonds". The OIP will be equal to the excess of a Holder's tax basis in the Premium Bond over the amount payable at maturity or, in the case of a Premium Bond subject to redemption, the amount payable on the redemption date. Under current law, the OIP for a Premium Bond must be amortized on an annual basis by the Holder of the Premium Bond. The amount of OIP amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the Premium Bond be deducted from the Holder's tax basis in such Premium Bond. This reduction in a Holder's tax basis will affect the amount of capital gain or loss to be recognized by the Holder when the Premium Bond is sold or redeemed. Holders of Premium Bonds should consult their tax advisors with respect to the determination and treatment of amortizable OIP for federal income tax purposes and with respect to the state and local tax consequences of owning such Premium Bonds.

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

Bond Counsel is further of the opinion that pursuant to Section 265(b)(3)(D)(ii) of the Code, the Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Bonds satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Bonds. Accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

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

LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

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

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

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

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

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

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

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

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

LITIGATION

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

At the time of payment for and delivery of the Bonds, the purchasers will be furnished with a certificate of the Secretary of the Board that there is no litigation pending or threatened affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay the principal of or interest on the Bonds. Such certificate shall also state that there is no litigation pending or threatened against the Board that 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 (the "Repositories") and, if established, the State Information Depository, on an annual basis on or before 300 days after the end of each fiscal year, certain financial and operating data and in a timely manner, notices of certain material events, in order to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"). The Board's Series 1994 Bonds were not required to comply with the Rule. The Board has agreed to retain United Bank, Inc., Charleston, West Virginia to serve as Dissemination Agent in conjunction with continuing disclosure for its Series 2003 Bonds in order to comply with the Rule. The form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (a) computation of forecasted receipts of principal and interest of certain Escrow Securities deposited

in the Escrow Fund and the forecasted payments of principal, interest and premium, if any, to redeem the Refunded Bonds and (b) computations of the yields of the Bonds and certain Escrow Securities deposited in the Escrow Fund were examined by Smith Cochran & Hicks, P.L.L.C., Certified Public Accountants. Such computations were based solely on the assumptions and information supplied by the Underwriter. Smith Cochran & Hicks, P.L.L.C. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

LEGAL MATTERS

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

RATING

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

UNDERWRITING

The Bonds are being purchased by Ferris, Baker Watts, Incorporated as Underwriter. The Purchase Contract provides that the Underwriter will purchase all the Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Underwriter has agreed to purchase the Bonds, subject to certain conditions, for a purchase price of \$2,865,126.17 (par plus \$10,459.95 net original issue premium, less \$50,000.00 underwriter's discount, plus \$4,666.22 accrued interest).

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of The Board of Education of the County of Roane, Public School Refunding Bonds, Series 2003.

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.

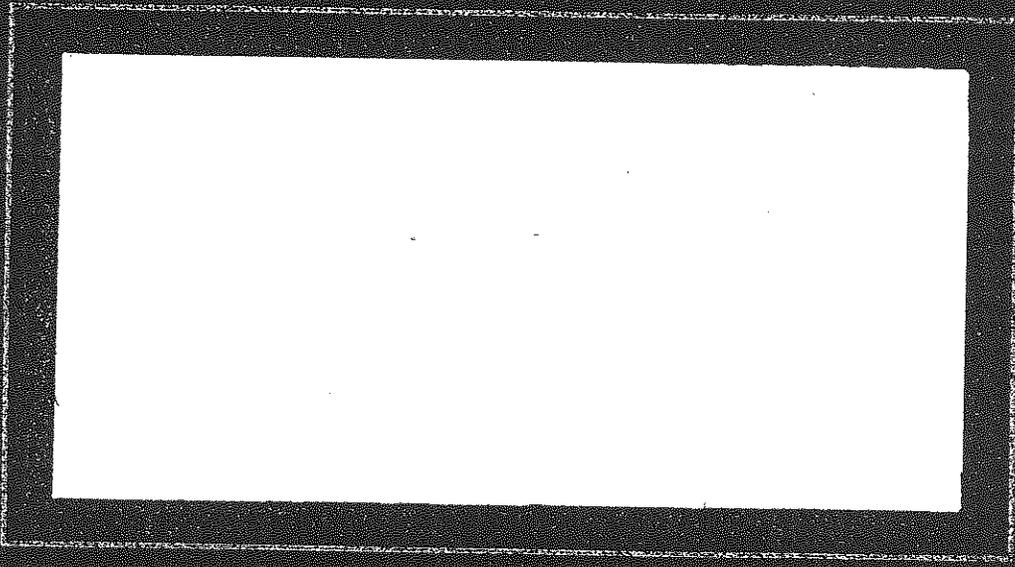
So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed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

THE BOARD OF EDUCATION
OF THE COUNTY OF ROANE

By: /s/ Jerry Greathouse
President

**AUDIT REPORT OF ROANE COUNTY BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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Suttle &
Stainaker

CERTIFIED PUBLIC ACCOUNTANTS

Business Advisors & Consultants

A Professional Limited Liability Company

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December 19, 2002

Honorable Members of the Board
Roane County Board of Education
Spencer, West Virginia

We have audited the financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Professional standards require that we provide you with the following information related to our audit.

**THE AUDITORS' RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY
ACCEPTED IN THE UNITED STATES OF AMERICA AND OMB CIRCULAR A-133**

As stated in our proposal to audit the Board's financial statements, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the Board'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. We also considered 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.

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As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Board's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Board's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Board's compliance with those requirements.

As a result of our tests, we noted several opportunities to strengthen internal controls and compliance with grant conditions and requirements, which follow.

Purchasing Procedures

The Board utilizes the West Virginia Department of Education *Handbook for School Finance in West Virginia* for purchasing procedures and guidelines. Although additional purchasing policies and procedures are not required by the West Virginia Department of Education, such procedures, when tailored for the size and complexity of the Board, should enhance and strengthen internal controls and provide for competitive open market purchases. Furthermore, the West Virginia Department of Education is drafting new legislation which will require County Boards of Education to have certain mandatory purchasing policies and procedures in place within the next two fiscal years.

We recommend that the Board adopt and implement purchasing policies and procedures that are appropriate to the Board's size and structure. These policies and procedures should include, at a minimum; (1) dollar limits for requiring written or verbal quotations, (2) dollar limits requiring a competitive bidding process, (3) goods or services excluded from the bidding process, (4) the approval hierarchy for purchases of certain dollar ranges and, (5) the dollar requirement for obtaining a purchase order. Furthermore, the Board should ensure that the purchasing policies and procedures are in compliance with the new legislation when finalized.

Fixed Asset Valuation

Section V, Subpart B of the *Fixed Asset Inventory System Procedures Manual for County Boards of Education in the State of West Virginia*, issued by the West Virginia Department of Education requires that, starting with the fiscal year ending June 30, 2003, all fixed assets be valued using historical cost, which is defined as all costs expended by the county to place the asset into service. All donated assets are to be valued at fair market value as of the date of donation. The Board has successfully compiled a detailed fixed asset inventory; however, the information has not been entered into the WVEIS accounting system.

We recommend that the Board ensure that adequate resources are devoted to implement the fixed asset requirements of the *Fixed Asset Inventory System Procedures Manual for County Boards of Education in the State of West Virginia*.

Free and Reduced Verification Sample

According to 7 CFR Part 245.6a, "State Agencies shall ensure that by December 15 of each school year, School Fund Authorities have selected and verified a sample of their approved free and reduced applications in accordance with the conditions and procedures described in this section...Sampling consists of verifying a random sample of a minimum of 3% of approved applications on file as of October 31..." As noted in the 2002 verification report, the required income verification of 3 percent of the applications approved for eligibility was completed according to regulations; however, approximately 20% of the sample selected required status changes that would decrease federal reimbursement. When sampling techniques result in a high percentage of status changes, school officials should consider expanding the testing to a larger portion of the population.

We recommend that the Board work closely with the West Virginia Department of Education to determine acceptable sampling errors and when expansion of testing should be considered.

Medicaid Funding

The Medicaid funding reimbursement for the Board has increased substantially over the past two years. The Board, under the direction of the West Virginia Department of Education, Office of Special Education has identified potential services which can be reimbursed through the Medicaid program for certain eligible special education students. Due to the complex Medicaid rules and regulations, it is imperative that the Board ensure that adequate policies and procedures are in place to appropriately document the eligibility of the participants and the services provided in accordance with the requirements of the Medicaid program and ensure that appropriate and accurate documentation is maintained to minimize the risk that reimbursements are not disallowed by Medicaid auditors during on-site reviews. Further, management should ensure that a process is in place to track the Medicaid reimbursements requested and the Medicaid reimbursements received to ensure that the financial statements of the Board appropriately reflect the Medicaid reimbursements.

We recommend that management of the Board ensure that policies and procedures are developed for each of the areas mentioned above in the Medicaid reimbursement process. Furthermore, management should follow the recommendations outlined in the separate agreed-upon procedures report provided to management regarding the Medicaid program.

Cash Management

OMB Circular A-133 requires that the grantee agency establish procedures to minimize the time elapsing between drawdown of federal funds and disbursement of federal funds. Further, the grantee is required to review cash management of federal awards and if interest was earned on federal cash draws, remit it to the appropriate agency. The Board receives some federal funding from the State of West Virginia on an allocation basis; however, the Board does not have procedures in place to calculate interest earned on federal awards and remit it to the appropriate agency.

We recommend that the Board develop policies and procedures to minimize the time elapsed between drawdown of federal funds and disbursement of federal funds. Further, the Board should ensure that interest earned on federal awards is remitted to the appropriate agency in a timely manner.

Unclaimed Property

West Virginia State Code §36-8 sets forth the Unclaimed Property rules for all entities within the State of West Virginia. These rules require all entities within the State of West Virginia to file annual unclaimed property reports and remit to the State of West Virginia Treasurer all unclaimed property which meet the definitions of abandonment under West Virginia State Code §36-8-2. Further, beginning in the calendar year 2003, the State of West Virginia is planning to expand its field audits of entities within the State of West Virginia to ensure compliance with West Virginia State Code.

We recommend that the Board develop policies and procedures consistent with West Virginia State Code §36-8 to ensure that annual reports are filed and all unclaimed property is remitted to the State of West Virginia Treasurer in a timely manner.

Office of School Finance, Mandated Reporting Changes

The West Virginia Department of Education, Office of School Finance is responsible for formulating the requirements of a uniform system of management accounting for all Boards of Education in West Virginia. Over the past few years, the Office of School Finance has initiated significant changes in financial reporting and accountability which have required a significant amount of personnel time and funding to ensure compliance with the required changes. Upcoming changes to the financial reporting process include the valuation of fixed assets based upon estimated or historical cost information, establishment of a special revenue fund to include all federal and state special projects of the Board, recognition of revenue in accordance with GASB Statement Number 33, and many additional changes which will require significant time and funding to implement. These changes have had a positive effect on the Board's financial reporting process and has provided the users of the financial statements with a better understanding of the Board's financial picture.

We recommend that the Board devote the necessary resources to ensure adequate personnel and funding are available to support the ongoing changes mandated by the West Virginia Department of Education, Office of School Finance.

OTHER REQUIRED COMMUNICATIONS

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Board are described in Note 1 to the financial statements. As discussed in Note 2 to the financial statements, as required by the basis of accounting prescribed by the West Virginia Department of Education, the Board began recording the liability resulting from accrued vacation leave in the long-term debt account group. In addition, the Board began recording the financial activity of the district's schools in a separate special revenue fund. We noted no other transactions entered into by the Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the fixed asset amount recorded in the general fixed asset account group.

Management's estimate of the fixed assets recorded in the general fixed asset account group, as allowed by the West Virginia Department of Education, is based upon the appraisal value for insurance purposes or other reasonable approximation of current value because historical cost is not available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole based upon the basis of accounting prescribed or permitted by the West Virginia Department of Education.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been determined except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Board's financial reporting process; that is, cause future financial statements to be materially misstated. In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Board, either individually or in the aggregate, indicate matters that could have a significant effect on the Board's financial reporting process. In addition, the attached schedule summarizes uncorrected misstatements, if any, of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Other Information in Documents Containing Audited Financial Statements

The Board has presented the schedule of expenditures of federal awards, which is not a required part of the basic financial statements but is supplementary information required by the U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

* * * * *

This report is intended solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, grantor agencies, or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

The foregoing comments are not intended to be all-inclusive, but rather represent those matters that we consider most worthy of your consideration. We appreciate the opportunity to present these recommendations and are prepared to further discuss them at your convenience.

Suttle & Stalnaker, PLLC
Suttle & Stalnaker, PLLC

Adjusting Journal Entries
 ROANE COUNTY BOARD OF EDUCATION
 June 30, 2002

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	CASH-CURRENT EXPENSE	C-2	11-100	50,461.42	
1	WORKER'S COMP PREMIUM PAYABLE		11-199		50,461.42
To record the worker's comp payable at 6/30/02.					
2	FIXED ASSETS	M-1	99-100	17,661,700.00	
2	INVESTMENT IN FIXED ASSETS		99-300		17,661,700.00
To adjust fixed assets to actual at 6/30/02.					
3	UNRESERVED-UNDESIGNATED (CURRENT EX	M-1b	11-340	164,165.00	
3	RESERVED FOR ENCUMBRANCES		11-300		164,165.00
To adjust encumbrances to reflect the order of 3 school buses prior to 6/30/02.					
Totals				17,876,326.42	17,876,326.42

Passed Adjusting Journal Entries
ROANE COUNTY BOARD OF EDUCATION
June 30, 2002

<u>PAJE No.</u>	<u>Account Description</u>	<u>W/P Ref</u>	<u>Account Number</u>	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue Expense</u>
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There are no complete passed adjusting journal entries.

ROANE COUNTY BOARD
OF EDUCATION

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2002

AND

INDEPENDENT AUDITORS' REPORT

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FUNDS INCLUDED IN REPORT
YEAR ENDED JUNE 30, 2002

GOVERNMENTAL FUND TYPES

General Current Expense
Debt Service Fund
Special Revenue - Individual Schools Fund

FIDUCIARY FUND TYPE

Trust Agency Fund

ACCOUNT GROUPS

General Fixed Assets
General Long-Term Debt

ROANE COUNTY BOARD OF EDUCATION
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ROANE COUNTY BOARD OF EDUCATION
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ROANE COUNTY BOARD OF EDUCATION
BOARD OFFICIALS
YEAR ENDED JUNE 30, 2002

Office	Name	Term
<u>Elective</u>		
Board Members:	Randy Whited	07/98 - 06/02
	Jerry Greathouse	07/00 - 06/04
	Cynthia Stutler	07/00 - 06/04
	David Boothe	07/98 - 06/02
	Richard Boggs	07/98 - 06/02
<u>Appointive</u>		
Board President	David Boothe	07/00 - 06/02
Superintendent	Stephen Goffreda	07/01 - 06/05
Treasurer	David Kinison	07/01 - 06/02

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

Honorable Members of the Board
Roane County Board of Education
Spencer, West Virginia

We have audited the accompanying financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting prescribed or permitted by the West Virginia Department of Education and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2002 and the results of its operations for the year then ended.

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However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2002, and the results of its operations for the year then ended in conformity with the basis of accounting described in Note 1 to the financial statements.

As discussed in Note 2 to the financial statements, as required by the basis of accounting prescribed or permitted by the West Virginia Department of Education, the Board has changed its method of accounting for compensated absences and the individual schools fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2002 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



December 19, 2002

ROANE COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF ASSETS, LIABILITIES, AND
 FUND EQUITY - REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			Account Groups		Total (Memorandum Only)
	General Current Expense	Special Revenue- Individual Schools	Debt Service Fund	General Fixed Assets	General Long-Term Debt	June 30, 2002
Assets						
Current assets						
Cash and cash equivalents	\$ 2,259,503	\$ 142,523	\$ 6,779	\$ -	\$ -	\$ 2,408,805
Investments	-	-	183,668	-	-	183,668
Taxes receivable	27,323	-	3,892	-	-	31,215
Workers' compensation deposit	37,778	-	-	-	-	37,778
Other receivables	88,207	-	-	-	-	88,207
Due from other governments						
PEIA allocation	258,900	-	-	-	-	258,900
Reimbursements	<u>161,305</u>	-	-	-	-	<u>161,305</u>
Total current assets	<u>2,833,016</u>	<u>142,523</u>	<u>194,339</u>	-	-	<u>3,169,878</u>
Fixed assets						
Land, buildings and equipment	-	-	-	47,441,174	-	47,441,174
Other						
Amount available in debt service fund	-	-	-	-	194,339	194,339
Amount to be provided for retirement of general long-term debt	-	-	-	-	<u>2,713,271</u>	<u>2,713,271</u>
Total assets	<u>\$ 2,833,016</u>	<u>\$ 142,523</u>	<u>\$ 194,339</u>	<u>\$ 47,441,174</u>	<u>\$ 2,907,610</u>	<u>\$ 53,518,662</u>
Liabilities and fund equity						
Current liabilities						
Salaries and related withholdings payable	\$ 1,485,946	\$ -	\$ -	\$ -	\$ -	\$ 1,485,946
Accounts payable	-	11,097	-	-	-	11,097
PEIA premiums payable	228,363	-	-	-	-	228,363
Workers' compensation payable	50,461	-	-	-	-	50,461
Compensated absences	-	-	-	-	47,610	47,610
Portion of long-term debt due in upcoming year- general obligation bonds payable	-	-	-	-	<u>150,000</u>	<u>150,000</u>
Total current liabilities	<u>1,764,770</u>	<u>11,097</u>	-	-	<u>197,610</u>	<u>1,973,477</u>
Long-term debt, net of current portion	-	-	-	-	<u>2,710,000</u>	<u>2,710,000</u>
Total liabilities	<u>1,764,770</u>	<u>11,097</u>	-	-	<u>2,907,610</u>	<u>4,683,477</u>
Fund equity						
Investment in general fixed assets	-	-	-	47,441,174	-	47,441,174
Fund balances						
Reserved for encumbrances	595,101	-	-	-	-	595,101
Reserved for debt service	-	-	194,339	-	-	194,339
Reserved for workers' compensation	37,778	-	-	-	-	37,778
Reserved for earmarked funds	232,962	-	-	-	-	232,962
Reserved for schools	-	131,426	-	-	-	131,426
Unreserved						
Undesignated	<u>202,405</u>	-	-	-	-	<u>202,405</u>
Total fund equity	<u>1,068,246</u>	<u>131,426</u>	<u>194,339</u>	<u>47,441,174</u>	-	<u>48,835,185</u>
Total liabilities and fund equity	<u>\$ 2,833,016</u>	<u>\$ 142,523</u>	<u>\$ 194,339</u>	<u>\$ 47,441,174</u>	<u>\$ 2,907,610</u>	<u>\$ 53,518,662</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

ROANE COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL FUND TYPES
 YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General Current Expense	Special Revenue- Individual Schools	Debt Service	Agency Fund	June 30,2002
Revenues					
Local sources					
Taxes (including interest and penalties)	\$ 1,763,029	\$ -	\$ 367,290	\$ -	\$ 2,130,319
Other local revenues	401,788	462,262	6,176	-	870,226
Intermediate sources	18,498	-	-	-	18,498
State sources	13,668,008	-	-	-	13,668,008
Federal sources	2,669,179	-	-	72,214	2,741,393
Miscellaneous	4,291	-	-	-	4,291
Total revenues	<u>18,524,793</u>	<u>462,262</u>	<u>373,466</u>	<u>72,214</u>	<u>19,432,735</u>
Expenditures					
Regular elementary/secondary programs	8,218,336	-	-	-	8,218,336
Special education programs	2,629,299	-	-	-	2,629,299
Vocational programs	670,146	-	-	-	670,146
Other elementary/secondary education programs	42,193	489,742	-	-	531,935
Adult/continuing education programs	52,823	-	-	-	52,823
Community services programs	23,498	-	-	72,214	95,712
Undistributed expenditures	6,972,858	-	-	-	6,972,858
Debt service					
Principal retirement	-	-	145,000	-	145,000
Interest and other charges	-	-	173,797	-	173,797
Total expenditures	<u>18,609,153</u>	<u>489,742</u>	<u>318,797</u>	<u>72,214</u>	<u>19,489,906</u>
Excess (deficiency) of revenues over expenditures	<u>(84,360)</u>	<u>(27,480)</u>	<u>54,669</u>	<u>-</u>	<u>(57,171)</u>
Other financing sources (uses)					
Operating transfers in	559,505	-	-	-	559,505
Operating transfers out	(558,279)	-	(1,226)	-	(559,505)
Total other financing sources (uses)	<u>1,226</u>	<u>-</u>	<u>(1,226)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(83,134)</u>	<u>(27,480)</u>	<u>53,443</u>	<u>-</u>	<u>(57,171)</u>
Fund balances, beginning of year	<u>1,151,380</u>	<u>158,906</u>	<u>140,896</u>	<u>-</u>	<u>1,451,182</u>
Fund balances, end of year	<u>\$ 1,068,246</u>	<u>\$ 131,426</u>	<u>\$ 194,339</u>	<u>\$ -</u>	<u>\$ 1,394,011</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

ROANE COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REGULATORY BASIS -
 GENERAL CURRENT EXPENSE FUND
 YEAR ENDED JUNE 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local sources			
Taxes	\$ 1,653,298	\$ 1,763,029	\$ 109,731
Other local revenues	353,555	401,788	48,233
Intermediate sources	22,567	18,498	(4,069)
State sources	14,098,304	13,668,008	(430,296)
Federal sources	2,961,729	2,669,179	(292,550)
Miscellaneous	4,086	4,291	205
Total revenues	<u>19,093,539</u>	<u>18,524,793</u>	<u>(568,746)</u>
Expenditures			
Regular elementary/secondary programs	8,366,198	8,218,336	147,862
Special education programs	2,808,475	2,629,299	179,176
Vocational programs	747,394	670,146	77,248
Other elementary/secondary programs	54,996	42,193	12,803
Adult/continuing education programs	55,389	52,823	2,566
Community services programs	36,807	23,498	13,309
Undistributed expenditures	<u>7,930,570</u>	<u>6,972,858</u>	<u>957,712</u>
Total expenditures	<u>19,999,829</u>	<u>18,609,153</u>	<u>1,390,676</u>
Excess (deficiency) of revenues over expenditures	<u>(906,290)</u>	<u>(84,360)</u>	<u>821,930</u>
Other financing sources (uses)			
Operating transfers in	548,936	559,505	10,569
Operating transfers (out)	<u>(544,817)</u>	<u>(558,279)</u>	<u>(13,462)</u>
Total other financing sources (uses)	<u>4,119</u>	<u>1,226</u>	<u>(2,893)</u>
Excess (deficiency) of revenues over Expenditures and other financing sources (uses)	(902,171)	(83,134)	819,037
Fund balance- beginning of year	<u>902,171</u>	<u>1,151,380</u>	<u>249,209</u>
Fund balance- end of year	<u>\$ -</u>	<u>\$ 1,068,246</u>	<u>\$ 1,068,246</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

ROANE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REGULATORY BASIS -
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local sources			
Taxes	\$ 317,415	\$ 367,290	\$ 49,875
Other local revenues	<u> -</u>	<u> 6,176</u>	<u> 6,176</u>
Total revenues	<u>317,415</u>	<u>373,466</u>	<u>56,051</u>
Expenditures			
Principal retirement	145,000	145,000	-
Interest and other charges	<u>172,415</u>	<u>173,797</u>	<u>(1,382)</u>
Total expenditures	<u>317,415</u>	<u>318,797</u>	<u>(1,382)</u>
Excess (deficiency) of revenues over expenditures	-	54,669	54,669
Other financing sources (uses)			
Operating transfers (out)	<u> -</u>	<u> (1,226)</u>	<u> (1,226)</u>
Total other financing sources (uses)	<u> -</u>	<u> (1,226)</u>	<u> (1,226)</u>
Excess (deficiency) of revenues over expenditures and other uses	-	53,443	53,443
Fund balance, beginning of year	<u> -</u>	<u> 140,896</u>	<u> 140,896</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 194,339</u>	<u>\$ 194,339</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

ROANE COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REGULATORY BASIS -
 TRUST AGENCY FUND
 YEAR ENDED JUNE 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Federal sources	\$ 72,214	\$ 72,214	\$ -
Total revenues	72,214	72,214	-
Expenditures	72,214	72,214	-
Community services programs			
Total expenditures	72,214	72,214	-
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Roane County Board of Education (the Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and the Board officials are comprised of five members nominated and elected by the voters of the county for four year terms. The Board officials are responsible for the supervision and control of the county school district and have the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

The accompanying financial statements have been prepared in conformity with the basis of accounting prescribed or permitted by the West Virginia Department of Education which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. A summary of the significant accounting policies of the Board is presented below. Except as described in Note 2, these policies were applied on a basis consistent with that of the preceding year.

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

- Oversight responsibilities
- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Special financial relationships

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

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 comprise its assets, liabilities, fund equity, revenues, and expenditures. The following fund types and account groups are used by the Board.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue - Individual Schools Fund: The Special Revenue - Individual Schools Fund includes the accounts maintained by the individual schools.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Effective for all new capital leases entered into on or after July 1, 2001, capital lease obligations are reported entirely in the debt service fund.

Fiduciary Fund Types

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 terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The term "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The Board serves as the fiscal agency for a portion of the funds for the Roane County PATCH. The Roane County PATCH center serves students in Roane County and promotes afterschool youth and community enrichment initiatives. The Roane County PATCH center's main source of revenue is from a federal grant from the U.S. Department of Education. An expendable trust is accounted for in essentially the same manner as a government fund.

Account Groups

General Fixed Assets Account Group: This account group is established to account for all fixed assets of the Board.

General Long-Term Debt Account Group: This account group is established to account for all long-term debt of the Board.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. To be presented in accordance with accounting principles generally accepted in the United States of America, all governmental funds 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 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) and expenditures are normally recognized when the goods are received or the liability is incurred. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year end.

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

Revenues - Revenues are generally maintained on a modified accrual basis and are recognized in the combined statement of revenues, expenditures and changes in fund balances when earned with the following exception:

- Property taxes reflected as taxes receivable and included in the current year's revenue include only amounts collected by the sheriff during the month of June but not received by the Board until July.

Reimbursements Receivable - Reimbursements receivable include amounts that have been encumbered but not expended at year end.

Earmarked Funds - Earmarked funds include the excess of amounts received for specifically funded projects over expenditures and encumbrances incurred for projects in which funds are truly legally restricted as to use.

Fixed Assets - Fixed assets are reported at appraisal value or other approximation of current value.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budgets are prepared in accordance with the following procedures.

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

The Board is also required to hold a public hearing on its proposed budget for the subsequent year before submitting it to the State Board for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

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

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

CASH AND CASH EQUIVALENTS AND INVESTMENTS - Cash and cash equivalents and investments principally consist of interest-earning deposits with banking institutions in either checking or savings accounts, deposits with the West Virginia Investment Management Board (IMB) and deposits with the West Virginia Municipal Bond Commission (MBC). Such deposits are recorded at cost, which approximates market value. The deposits with the IMB are part of the State of West Virginia's Consolidated Investment Pool and are not separately identifiable as to specific types of securities. Investment income is prorated to the Board at rates specified by the IMB based on the balance of deposits maintained in relation to the total deposits of all state agencies participating in the pool. The deposits with the MBC are held for debt service requirements of the Board and investment income is prorated to the Board at rates specified by the MBC. Cash and cash equivalents include short term investment securities with original maturities of ninety days or less. The Board had no fixed - term investments at June 30, 2002.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Boards of education are authorized by statute to invest excess funds for investment purposes with either the West Virginia Investment Management Board or the West Virginia Municipal Bond Commission. In addition, the boards of education can choose to invest such funds in obligations of the United States or any agency thereof, certificates of deposit or repurchase agreements. Complete financial statements with supplementary information of the IMB and MBC can be obtained from their respective administrative offices.

INVENTORIES - The Board considers inventories of materials and supplies as expended at the time of purchase, therefore, they do not appear in the Board's financial statements.

PREPAID ITEMS - Except for the required deposit with the Workers' Compensation Commission, payments made to vendors for services that will benefit periods beyond the end of the fiscal year, are generally not recorded as prepaid items but are considered as expenditures at the time checks are issued.

FIXED ASSETS - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the General Fixed Assets Account Group. As prescribed or permitted by the West Virginia Department of Education, fixed assets are valued at appraisal value for insurance purposes or other reasonable approximation of current value since actual historical cost information is not available. No depreciation is recognized for assets in the General Fixed Assets Account Group. Interest incurred during construction is not capitalized on general fixed assets.

LONG-TERM OBLIGATIONS - The current portion of long-term debt due in the upcoming fiscal year and the remaining portion of long-term debt obligations is reported in the general long-term debt account group. Effective for all new capital leases entered into on or after July 1, 2000, capital lease obligations are reported entirely in the general long-term debt account group.

COMPENSATED ABSENCES - It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation benefits can be accumulated up to 79 days and carried forward to the subsequent fiscal year. Sick benefits can be accumulated up to an unlimited number of days and can be carried forward to the subsequent fiscal year. Upon termination, employees would be compensated for accumulated vacation benefits only. Therefore, no liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is immaterial and reported in the general long-term debt account group along with amounts not expected to be liquidated with expendable available financial resources. No expenditure is reported for these amounts.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY - Reserves represent those portions of fund equity not available for future appropriation, or legally segregated for a specific use. The designated portion of the unreserved fund balance represents that portion of fund equity committed by official Board action prior to the end of the fiscal year for each specific purpose. Said specific purposes and amounts are recorded in the official Board minutes. The unreserved, undesignated fund balance represents funds available for reappropriation.

OTHER FINANCING SOURCES (USES) - As required by the basis of accounting prescribed or permitted by the West Virginia Department of Education, the other financing sources (uses) includes transfers from various funds of the Board and intrafund transfers between projects of the Board.

ACCOUNTING ESTIMATES - The preparation of financial statements in conformity with the basis of accounting prescribed or permitted 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 expenditures during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

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 in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation; interfund activities have not been eliminated in the aggregation of this data.

NOTE 2 -- CHANGE IN ACCOUNTING POLICY

As required by the basis of accounting prescribed or permitted by the West Virginia Department of Education, the Board changed its method of accounting for the following items in order to comply with accounting principles prescribed or permitted by the West Virginia Department of Education:

Compensated absences. For the year ended June 30, 2002, the Board began recording the liability resulting from accrued vacation leave in the amount of \$47,610 in the long-term debt account group.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 2 -- CHANGE IN ACCOUNTING POLICY (Continued)

Individual schools. For the year ended June 30, 2002, the Board began recording the financial activity of the accounts maintained by the individual schools in a separate special revenue fund. For the year ended June 30, 2002, the excess of expenditures over revenues in the Special Revenue Fund - Individual Schools attributable to the combined financial activity of the accounts maintained by the individual schools was \$27,480. In addition, the beginning fund balances of the Board required restatement of \$158,906 to record the beginning fund balance of the Special Revenue - Individual Schools Fund.

NOTE 3 -- CASH AND CASH EQUIVALENTS

At June 30, 2002, information concerning the amount of deposits with financial institutions was as follows:

Carrying amount of cash and cash equivalents	\$ 198,220
Amount of deposits with the Investment Management Board	<u>2,210,585</u>
Carrying amount of deposits with financial institutions	<u>\$ 2,408,805</u>
Balance per bank of deposits with financial institutions	\$ 1,108,181
Amount insured by FDIC	<u>179,496</u>
Amount collateralized by U.S. Government securities, held in the name of the financial institution, pledged to the board and otherwise unencumbered	<u>\$ 928,685</u>

NOTE 4 -- INVESTMENTS

In accordance with GASB Statement No. 3, investments are classified as to level of risk by the three categories described below:

Category 1 includes investments that are insured or registered, or for which the securities are held by the Board or its agent in the Board's name.

Category 2 includes investments that are uninsured and unregistered or for which the securities are held by the counterparty's trust department or agent in the Board's name.

Category 3 includes uninsured and unregistered investments held by the counterparty or the counterparty's trust department or agent but not in the Board's name.

At June 30, 2002, investments totaled \$183,668, and consisted of deposits with the West Virginia Municipal Bond Commission, an investment pool managed by other governments. In accordance with GASB Statement No. 3, these investments were uncategorized.

NOTE 5 -- PROPERTY TAXES

All property in the State is classified as follows for ad valorem tax purposes:

- Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; 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 Class I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Class I and II property.

A five year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property is to be taxed at 50% of assessed valuation of intangible personal property for tax year 1998; 40% for tax year 1999; 30% for tax year 2000; 20% for tax year 2001 and 10% for tax year 2002.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢ per \$100 of assessed valuation
Class II	45.90¢ per \$100 of assessed valuation
Class III	91.80¢ per \$100 of assessed valuation
Class IV	91.80¢ per \$100 of assessed valuation

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid by the Assessor's valuation fund are also to be excluded from the calculation. The rates of levy for the 2002 year were: 20.48¢ for class I property, 40.96¢ for class II property and 81.92¢ for classes III and IV property.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 5 -- PROPERTY TAXES (Continued)

The rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2002 were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense Rate	Bond Purposes
Class I	\$ 6,996,792	20.48¢	4.17¢
Class II	\$ 109,288,731	40.96¢	8.34¢
Class III	\$ 119,551,846	81.92¢	16.68¢
Class IV	\$ 33,438,470	81.92¢	16.68¢

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 up to two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, interest at the rate of nine percent per annum is added from the date they become delinquent.

NOTE 6 -- GENERAL FIXED ASSET ACCOUNT GROUP

At June 30, 2002 the general fixed asset account group consisted of the following:

Land	\$ 1,813,213
Buildings and improvements	38,588,914
Furniture and equipment	4,461,017
Vehicles	<u>2,578,030</u>
Total general fixed asset account group	<u>\$ 47,441,174</u>

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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NOTE 6 -- GENERAL FIXED ASSET ACCOUNT GROUP (Continued)

During the fiscal year ended June 30, 2002, the Board undertook construction from three grant awards totaling \$353,609 from the West Virginia School Building Authority (SBA). The grants are for the replacement of carpet at Roane County High School (\$170,000 SBA grant with local match of \$12,286), replacement of the sewer plant at Walton Elementary/Middle School (\$161,997 SBA grant with local match of \$28,597), and a technology grant (\$21,612 SBA grant with local match of \$3,814). Total estimated costs of the construction are \$398,306. The SBA has funded \$353,609 of the total budgeted construction with any overruns to be funded from local funds of the Board. As of June 30, 2002, total expenditures incurred approximated \$34,000 and the SBA had reimbursed the Board approximately \$34,000 for these expenditures. As allowed by the basis of accounting prescribed by the West Virginia Department of Education, expenditures for construction less than three percent of general current expenditures are paid through the General Current Expense Fund of the Board. Total project expenditures for the year ended June 30, 2002 were approximately \$34,000 and total amounts encumbered at June 30, 2002 were approximately \$354,000.

NOTE 7 -- LEASES

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes.

In accordance with the basis of accounting prescribed or permitted by the West Virginia Department of Education, all new capital leases entered into on or after July 1, 2000 must be reported in the General Long-Term Debt Account Group. Because this lease was in effect prior to July 1, 2000, the Board has elected not to record the capital lease obligations in the General Long-Term Debt Account Group. Total assets at June 30, 2002 recorded under capital leases in the General Fixed Asset Account Group were approximately \$700,000.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment has been installed in several schools. The lease requires semiannual payments of \$58,191 through April 15, 2004. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year if funding for the lease payments for the next fiscal year is not available.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 7 -- LEASES (Continued)

The following is a summary of the future minimum required payments by year under the lease purchase agreements as of June 30, 2002:

<u>Year</u>	
2003	\$ 116,382
2004	<u>116,382</u>
Total lease payments	232,764
Less amount representing interest	<u>13,560</u>
Present value of minimum lease payments	<u><u>\$ 219,204</u></u>

NOTE 8 -- BOND INDEBTEDNESS

On July 1, 1994, the Board issued \$3,700,000 in general obligation bonds to provide funds for the acquisition, construction, equipping and renovation of its facilities. Interest is payable semiannually at interest rates between 5% and 7% through May 1, 2015. The bond issue was authorized by the Board and ratified by the voters at a special election held on May 10, 1994 for the purpose of school construction. The bonds were issued in denominations of \$5,000, bearing interest at rates ranging from 5% to 7%, payable semiannually on the first days of May and November of each year. Bond principal payments and semiannual interest payments are to be deposited with the West Virginia Municipal Bond Commission.

Total bonds payable at June 30, 2001	\$ 3,005,000
Less principle retirements	<u>145,000</u>
Total bonds payable at June 30, 2002	2,860,000
Less current portion	<u>150,000</u>
Long-term bonds payable	<u><u>\$ 2,710,000</u></u>

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 8 -- BOND INDEBTEDNESS (Continued)

Bonds outstanding at June 30, 2002 are as follows:

<u>Bond Numbers</u>	<u>Maturity Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
769775BL0	5-1-03	\$ 150,000	\$ 162,265	\$ 312,265
769775BM8	5-1-04	160,000	151,765	311,765
769775BN6	5-1-05	170,000	140,565	310,565
769775BP1	5-1-06	180,000	131,215	311,215
769775BQ9	5-1-07	190,000	121,135	311,135
769775BR7	5-1-08	200,000	110,305	310,305
769775BS5	5-1-09	215,000	98,805	313,805
769775BT3	5-1-10	225,000	86,335	311,335
769775BU0	5-1-11	240,000	73,285	313,285
769775BV8	5-1-12	255,000	59,365	314,365
769775BW6	5-1-13	275,000	44,575	319,575
769775BX4	5-1-14	290,000	30,000	320,000
769775BY2	5-1-15	<u>310,000</u>	<u>15,500</u>	<u>325,500</u>
Total bonds of this issue not presented for payment at June 30, 2002:		<u>\$ 2,860,000</u>	<u>\$ 1,225,115</u>	<u>\$ 4,085,115</u>

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM

All full-time board of education employees are required to participate in one of two statewide, cost-sharing multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System (TDBS) or the Teachers' Defined Contribution Retirement System (TDCRS). For the year ended June 30, 2002, the Board's total payroll for all employees was \$11,561,021, and was \$11,212,455 for all employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Trend Information - Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board for the year ended June 30, 2002, which can be obtained directly from the Consolidated Public Retirement Board, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

Conversion of leave for post-retirement - Upon retirement, an employee's annual and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

TEACHERS' DEFINED BENEFIT RETIREMENT SYSTEM (TDBS)

Plan Description - The TDBS plan is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941 and was closed to new members as of July 1, 1991. To qualify for full benefits, a member must be age sixty with at least five years of credited service, or be age fifty-five with at least thirty years of credited service or any age with at least thirty-five 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 their regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement, members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average of the member's five highest fiscal years of total earnings from covered employment during the members last fifteen years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age of fifty and completed twenty-five years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding status - At June 30, 2002, the plan's unfunded liability was approximately \$4.1 billion according to the 2001 Actuarial Valuation Report.

ROANE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2002

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Contribution Requirements and Payments Made - This plan is a fully qualified plan in accordance with Internal Revenue Service requirements. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the Board contributes 15% of covered participants' gross compensation to the retirement plan, for a total of 21% annually.

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

Required contributions for the total TDBS plan for the year ended June 30, 2002 and the two previous years are as follows:

Year ended June 30	<u>2000</u>	<u>2001</u>	<u>2002</u>
Required contributions	\$220,853,000	\$229,926,000	\$254,050,000
As a % of current year covered payroll	17.95%	17.91%	19.27%

Of the total amount appropriated by the State, the portion equal to the employer's required contribution rate (15%) is considered to be the employer's contribution for the current cash flow requirements and is reflected as revenue in the Board's financial statements. The balance is considered the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Total payments reflected in the Board's financial statements to the TDBS plan for the fiscal year ended June 30, 2002 were as follows:

Employee contributions (6%)	\$ 411,874
Employer contributions (15%)	<u>1,029,685</u>
Total contributions	<u>\$ 1,441,559</u>

TEACHERS' DEFINED CONTRIBUTION RETIREMENT SYSTEM (TDCRS)

Plan Description - All Board employees hired after July 1, 1991, participate in the TDCRS retirement system. Employees in the TDBS may, now or in the future, freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the TDBS plan may change to this plan and transfer the funds that were deposited in the TDBS plan to this plan. Once the member has transferred to the TDCRS plan, the member is not allowed to rejoin the TDBS plan.

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 9 -- EMPLOYEE RETIREMENT SYSTEM (Continued)

One feature of the TDCRS system is that each employee chooses the investment options and may make changes at the beginning of each calendar quarter. Seven investment options are provided from which a participant may choose in multiples of five percent. The investment options are: Bond Fund of America, Fidelity Growth Opportunities, Franklin Income Fund, Valic Individually Allocated Fixed Annuity, Vanguard Money Market Reserve Prime, Washington Mutual Investors and Federated Max-Cap.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested and employer contributions and earnings vest with the member as follows: one-third after six years, two-thirds after nine years, and 100% after twelve years. The member is fully vested at death or disability. As of June 30, 2001, this plan had approximately \$320 million in assets. Retirement or disability benefits are based solely on the accumulation of dollars in the members' individual account at the time of retirement. The accounting administration of the TDCRS plan is the responsibility of Milliman and Robertson, an independent third party administrator.

Funding Status - There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in their account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the TDBS system.

Contribution Requirements and Payments Made - This is a fully qualified plan in accordance with the Internal Revenue Service requirements, therefore all employee contributions are tax deferred. Members contribute 4.5% of their gross compensation and employers contribute 7.5% of covered member's gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the TDCRS plan for the fiscal year ended June 30, 2002 were as follows:

Employees contributions (4.5%)	\$ 195,806
Employers contributions (7.5%)	<u>326,345</u>
Total contributions	<u>\$ 522,151</u>

NOTE 10 -- RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provision of State Law, participates in the following risk management programs administered by the State of West Virginia. Each of the risk pools have issued separate, audited financial reports on its operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements can be obtained directly from their respective administrative offices. In addition, the Board insures its buildings and contents through a commercial insurer with blanket coverage of approximately \$52,000,000.

BOARD OF RISK AND INSURANCE MANAGEMENT

The Board participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk insurance pool for all State agencies, component units, boards of education, and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

PUBLIC EMPLOYEES' INSURANCE AGENCY

The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency (PEIA). PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug, and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage. Insureds may purchase up to an additional \$200,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage for the Managed Care Organization Plan to the plan provider, and has transferred risk of life insurance coverage to a third party insurer.

NOTE 10 -- RISK MANAGEMENT (Continued)

WORKERS' COMPENSATION FUND

The Workers' Compensation Fund (WCF) is a division of the Bureau of Employment Programs, which is an agency of the State of West Virginia. 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 boards of education, who has a payroll must have coverage. The cost of all coverage as determined by the WCF Compensation Programs Performance Council is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

NOTE 11 -- PENDING LITIGATION

The Board is involved in a number of legal proceedings and claims, primarily involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any of the lawsuits with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. Management believes that the Board's insurance through the State Board of Risk and Insurance Management appears adequate to cover any potential liability.

ROANE COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed-through State Department of Agriculture			
Food Distribution	10.550	88	\$ 41,015
Passed-through State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	88	184,002
National School Lunch Program	10.555	88	<u>447,123</u>
Total U.S. Department of Agriculture			<u>672,140</u>
U.S. Department of Education			
Twenty- First Century Community Learning Centers	84.287	N/A	72,214
Passed-through State Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	43	402,105
Special Education - Preschool Grants	84.173	43	67,720
Adult Education - State Grant Program	84.002	61	6,379
Title I - Grants to Local Education Agencies	84.010	41	892,021
Vocational Education - Basic Grants to States	84.048	50/57	38,114
Safe and Drug-Free Schools and Communities- National Programs	84.186	48	23,446
Education for Homeless Children and Youth	84.196	54	6,902
Eisenhower Professional Development State Grant	84.281	38	21,899
Innovative Education Program Strategies	84.298	42	15,446
Class Size Reduction Program	84.340	42	187,718
Gaining Early Awareness and Readiness For Undergraduate Programs	84.334	74	<u>99,116</u>
Total U.S. Department of Education			<u>1,833,080</u>
U.S. Department of Health and Human Services			
Passed-through State Department of Education			
Food Safety Pilot Project	93.283	49	<u>3,043</u>
Total U.S. Department of Health and Human Services			<u>3,043</u>
Total Expenditures of Federal Awards			<u>\$ 2,508,263</u>

The Accompanying Notes Are An Integral
 Part Of The Schedule Of Expenditures Of Federal Awards

ROANE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

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NOTE 1 -- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Board and is presented on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is described in detail in Note 1 to the accompanying financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

NOTE 2 -- DONATED FOOD VALUE

Donated food represents surplus agricultural commodities received from the U. S. Department of Agriculture (CFDA # 10.550), passed-through from the West Virginia Department of Agriculture. Commodities are valued based on amounts as established by the U.S. Department of Agriculture.

For the year ended June 30, 2002, total expenditures were \$41,015, and the value at June 30, 2002 of donated food inventories was approximately \$8,800.

ROANE COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2002

Program	Findings/Noncompliance	Questioned Cost
2001-1 CFDA # 84.287	<u>Federal Grant Performance Report</u> – Management of the Roane County PATCH program was unable to provide documentation supporting the statistics reported in the required Federal Grant Performance Report filed for the grant year ended September 30, 2001. <u>Current Year Status</u> – Resolved	N/A



INDEPENDENT AUDITORS' 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 Board
Roane County Board of Education
Spencer, West Virginia

We have audited the financial statements of the Roane County Board of Education (the Board) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002, which was modified because the Board prepares its financial statements on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Board in a separate letter dated December 19, 2002.

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Board in a separate letter dated December 19, 2002.

This report is intended solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, and grantor or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Snittle + Stalmaker, PLLC
December 19, 2002



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 Board
Roane County Board of Education
Spencer, West Virginia

Compliance

We have audited the compliance of the Roane County Board of Education (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The Board's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

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Internal Control Over Compliance

The management of the Board 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 Board'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 solely for the information and use of the Board members, management, pass-through entities, federal awarding agencies, and grantor agencies or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.


December 19, 2002

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

None

ROANE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

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SECTION III

FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS SECTION

None

APPENDIX B

Economic and Demographic Data

COUNTY OF ROANE (WEST VIRGINIA)

Introduction

Roane County (the "County") is located in the west central section of West Virginia. The City of Spencer is the county seat. The County is located 50 miles from Charleston; 48 miles from Parkersburg and 155 miles from Columbus, Ohio.

The County is governed by, and generally acts through, The County Commission of Roane County. The present Commissioners of the County Commission, elected on a countywide basis, are Judy Fouty, President; Richard Lance and Rodney Cox. 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

Year	Roane County	West Virginia	United States
1990	15,120	1,792,548	249,622,814
2000	15,446	1,807,099	282,124,631

Economy

The ten (10) largest employers and number of employees for the year 2003 in the County are:

Employer	Employees
Roane County Board of Education	360
Roane General Hospital	240
Wal-Mart Associates, Inc.	198
Spencer Veneer, LLC	120
McDonalds of Spencer	76
Monarch Rubber Company	62
Burke-Parsons-Bowlby Corp.	62
Roane County Commission	50
Roane Co. Family Health Care, Inc.	46
Roane Co. Comm. on Aging	34-50

Sources: State of West Virginia, Bureau of Employment Programs
Dept. of Labor and Research and Roane County Economic
Development Authority/Chamber of Commerce

Average Annual Unemployment Rates (%)

Year	Roane County	West Virginia
1998	11.3	6.6
1999	12.4	6.6
2000	12.5	5.5
2001	13.4	4.8
2002	11.2	6.1
2003 (August)	7.7	6.4

Average Annual Employment by Industry

Industry	2000	2001	2002**	2003**
Mining	240	240		
Construction	180	180		
Manufacturing	790	610		
Transportation, Public Utilities	60	50		
Wholesale & Retail Trade	850	810		
Finance, Insurance, Real Estate	150	150		
Services	890	920		
Government	710	680		
TOTAL	3870	3640		

*Chart format changed in 2002. See "Average Annual Employment by Industry

Average Annual Employment by Industry

Industry	2002	2003 (Aug.)
Natural Resources & Mining	260	290
Construction	120	120
Manufacturing	440	410
Wholesale Trade	70	70
Retail Trade	570	560
Transportation & Utilities	30	30
Financial Activities	140	130
Professional & Business Services	80	80
Education & Health Services	600	580
Leisure & Hospitality	160	150
Other Services	280	280
Government	680	680
TOTAL	3430	3380

Average Employment and Annual Wage (\$)

	Average Employment		Average Annual Wage	
	1998	2002	1998	2002
Roane County	3,657	3,164	20,870	22,016
West Virginia	678,568	683,194	25,278	28,615

Per Capita Personal Income

County	1990	2001	Rank in State
United States	\$19,572	\$30,413	---
West Virginia	\$14,579	\$22,862	---
Roane County	\$10,473	\$16,547	48

Wages Per Industry (2002)

Industry	Total Wages	Average Annual Wage
Mining	6,181,638	24,433
Construction	2,233,722	19,944
Manufacturing	9,754,707	23,006
Trade, Transportation and Public Utilities	12,557,518	18,743
Trade – Wholesale	1,948,218	28,650
Trade – Retail	9,393,203	16,336
Information	517,949	15,695
Finance & Insurance	3,596,088	27,662
Professional & Business Services	1,391,471	17,179
Education & Health Services	13,350,953	22,252
Leisure & Hospitality	1,459,195	9,235
Other Services	734,022	19,838
Government	17,691,397	27,302
TOTAL	80,810,081	270,275

Total Wages (\$)

Year	Roane County	West Virginia
1997	71,621,856	16,537,513,606
1998	76,322,507	17,153,017,978
1999	76,675,881	17,708,843,730
2000	78,150,450	18,464,578,396
2001	73,203,331	19,189,237,777
2002	69,658,362	19,549,827,426

Community Data

Education Facilities	
Elementary	2
Middle or Jr. High	1
High Schools	1
Vocational Schools	0
Other	2
Colleges:	
Glenville State College, Glenville (Gilmer Co.)	
WV State College, Institute (Kanawha Co.)	
University of Charleston, Charleston (Kanawha Co.)	

Recreational Facilities	
Parks	1
Baseball-Softball Fields	5
Basketball Courts:	
Indoor	5
Outdoor	1
Playgrounds	4
Swimming pools	1
Auditoriums	2
Stadiums	2
Theaters:	
Indoors	1
Outdoors	0
Golf Courses	1
Tennis Courts	
Indoor	0
Outdoor	2
Country Clubs	1

Medical	
Hospitals	1
Beds	60
Doctors	13
Dentists	3

Transportation	
Highways:	
Interstates	I-79
WV Routes	36, 14
US Routes	119,33
Motor Freight:	
Carriers available	Yes
Parcel service available	Yes
Industrial Parks	0
Airports:	
Slate run (private), Spencer	
Roane Co. Airport, Spencer	
Railroads:	0
Bus Service	No

Communications	
Newspapers:	1
Telephone:	
Verizon, Citizens Telecom	
Radio:	2

Utilities	
Electricity:	
Allegheny, American Elec.	
Power	
Natural Gas:	
Pennzoil Co., Allegheny	
Power, Consumers Gas Utility	
Co., Wagner Gas Co.	

Other Data	
Child Care	3
Banks (including branches)	3
Libraries	4

Sources: State of West Virginia, Bureau of Employment Programs
Dept. of Labor and Research

FORM OF LEGAL OPINION

[LETTERHEAD OF GOODWIN & GOODWIN, LLP]

November 20, 2003

\$2,900,000
The Board of Education of
The County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

The Board of Education of the County of Roane
Spencer, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Board of Education of The County of Roane (the "Issuer") of its \$2,900,000 in aggregate principal amount of Public School Refunding Bonds, Series 2003 (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and a Resolution and Order duly adopted by the Issuer on October 9, 2003 (the "Resolution"), and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Bonds are issued in fully registered form, are dated November 1, 2003, upon original issuance, represented by a single bond for each maturity, numbered R-1 to R-12, inclusive, with interest payable on each May 1 and November 1, commencing May 1, 2004, and principal installments payable each May 1, commencing May 1, 2004, and continuing until maturity thereof, being May 1, 2015.

reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Respectfully submitted

GOODWIN & GOODWIN, LLP

APPENDIX D

ELECTED AND APPOINTED OFFICIALS OF THE BOARD

Board President – Jerry Greathouse

Works for Monarch Rubber Company of Spencer, WV
Occupation – Plant Manager
Additional Occupation – Farmer
Educational Level – Masters in Educational Administration
Years as Board Member – 11 years

Vice – President – Cynthia Stutler

Works for U.S. Postal Service
Occupation – Mail Carrier
Additional Occupation – Clinical Scientist
Educational level – BS in Chemistry & Biology
Years as Board Member – 5.5 years

Member – Richard C. Boggs

Works for Energy Air Corporation
Occupation – Pilot/President Chief Pilot
Additional Occupation – None
Educational Level – BS Business Management
Years as Board Member – 12 years

Member –Randy Whited

Works for Eastern Oil Well, Inc.
Occupation – Well Tender
Additional Occupation – Minister
Educational Level – High School Diploma
Years as Board Member - 5 years

Member – Garrett Samples

Works for Verizon
Occupation – Engineer
Additional Occupation – None
Educational Level – BA in Business
Years as Board Member – 2 years

Superintendent – Stephen F. Goffreda

Works for Roane County Board of Education
Occupation – Chief Executive Officer (CEO)
Additional Occupation – Disk Jockey
Educational Level – Master of Arts, Educational Administration
Years of Experience 26-years

Asst. Superintendent – Doris L. Weekley

Works for Roane County Board of Education
Occupation – Assistant Superintendent of Instruction
Additional Occupation – special Education Director
Educational Level – Master of Arts, Special Education/Educational Leadership
Years of Experience – 28 years

Asst. Superintendent – David Kinison

Works for Roane County Board of Education
Occupation – Assistant Superintendent of Instructional Support
Additional Occupation – Chief Financial Officer (CFO)
Educational Level – Master of Arts, Business Education/Administration
Years of Experience – 27 years

Transportation Coordinator - Woodrow E. Wilson

Works for Roane County Board of Education
Occupation - Transportation Director
Additional Occupation - None
Educational Level - Master of Arts, Educational Administration
Years of Experience - 27 years

Personnel Coordinator– Kathy D. Whoolery

Works for Roane County Board of Education
Occupation – Personnel Coordinator
Additional Occupation – None
Educational Level – Master of Arts, Educational Administration
Years of Experience – 27 years

Student Services/Attendance Director – Roger L. Miller

Works for Roane County Board of Education
Occupation – Attendance Director
Additional Occupation – Student Services
Educational Level – Master of Arts, Educational Administration
Years of Experience – 26 years

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (the "Issuer"), and UNITED BANK, INC., a state banking corporation, Charleston, West Virginia (the "Dissemination Agent"), in connection with the issuance of \$2,900,000, The Board of Education of the County of Roane (West Virginia), Public School Refunding Bonds, Series 2003 (the "Bonds");

In connection with the foregoing, and in consideration thereof, the Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) and as the term may be modified by an interpretation of the Rule by the Securities and Exchange Commission (the "SEC").

"Disclosure Representative" shall mean the President of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Holders" shall mean (i) the registered owner of any Bond or (ii) the Beneficial Owner of any Bond.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Underwriter" shall mean any of the underwriters in connection with the sale of the Bonds required to comply with the Rule in connection with the sale of the Bonds

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2002-2003 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted, when and if available, separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give written notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

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

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report. The Issuer's Annual Report shall consist of the audited financial statements of the Issuer for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice to the Dissemination Agent of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications to rights of security holders;
8. bond calls;
9. defeasances;
10. release, substitution, or sale of property security repayment of the securities;
and
11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Dated: November 20, 2003.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (West Virginia)

By: _____
President

UNITED BANK, INC.

By: _____
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Board of Education of the County of Roane (West Virginia)

Name of Bond Issue: \$2,900,000 Public School Refunding Bonds, Series 2003

Date of Bond Issue: November 1, 2003

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of this Disclosure Agreement dated November 20, 2003, to be provided. The Issuer anticipates that the Annual Report will be filed by

_____.

Dated: _____,

on behalf of the Issuer

cc: [Issuer]



\$2,900,000
THE BOARD OF EDUCATION OF THE COUNTY OF ROANE
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2003

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Ferris, Baker Watts, Incorporated (the "Underwriter") that he is the duly appointed and acting President of the Roane County Board of Education (the "Board") authorized to execute and deliver this Certificate and further certifies on behalf of the Board to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Board's Public School Refunding Bonds, Series 2003 (the "Bonds").

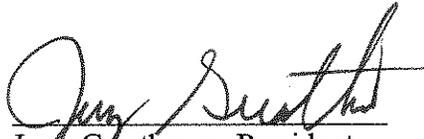
(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated October 28, 2003, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, rating, the identity of the Underwriter and other terms of the Bonds, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the 20th day of November, 2003.


Jerry Greathouse, President

**STANDARD
& POOR'S**

Steven J. Murphy
Managing Director
55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2066
steve_murphy@standardandpoors.com

reference no.: 637335

October 21, 2003

Roane County Board of Education
108 Chapman Avenue
Spencer, WV 25276
Attention: Mr. Stephen Kinison, Finance

Re: *\$2,910,000 The Board of Education of the County of Roane, West Virginia, Public School Refunding Bonds, Series 2003, dated: November 1, 2003, due: May 1, 2015*

Dear Mr. Kinison:

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

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

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

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

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial

Mr. Stephen Kinison

Page 2

October 21, 2003

information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

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

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

Sincerely yours,

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

By: 
Steven J. Murphy
Managing Director

amh

enclosures

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



Book-Entry-Only Municipal Bonds

Letter of Representations

[To be Completed by Issuer and Agent]

Roane County Board of Education

[Name of Issuer]

United Bank, Inc., as Registrar

[Name of Agent]

November 6, 2003

[Date]

Attention: Underwriting Department
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Re: \$2,900,000 The Board of Education of the County of Roane
(West Virginia), Public School Refunding Bonds,
Series 2003

[Issue description (the "Securities")]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the Securities. Agent shall act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Securities. The Securities have been issued pursuant to a bond resolution, or

other such document authorizing the issuance of the Securities dated November 1, 2003

(the "Document"). Ferris, Baker Watts, Incorporated is distributing the Securities
[“Underwriter”]

through The Depository Trust Company (“DTC”).

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

representations to DTC:

1. Prior to closing on the Securities on November 20, 2003, there shall be deposited with DTC one or more Security certificates registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Securities in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Securities. If, however, the aggregate principal amount of any maturity exceeds \$400 million, one certificate shall be issued with respect to each \$400 million of principal amount and an additional certificate shall be issued with respect to any remaining principal amount. Each Security 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.

Issuer represents: **Note: Issuer must represent one of the following, and shall cross out the other.**

[The Security certificate(s) shall remain in Agent's custody as a "Balance Certificate" subject to the provisions of the Balance Certificate Agreement between Agent and DTC currently in effect.

On each day on which Agent is open for business and on which it receives an instruction originated by a DTC participant ("Participant") through DTC's Deposit/Withdrawal at Custodian ("DWAC") system to increase the Participant's account by a specified number of Securities (a "Deposit Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Deposit Instruction through the DWAC system.

On each day on which Agent is open for business and on which it receives an instruction originated by a Participant through the DWAC system to decrease the Participant's account by a specified number of Securities (a "Withdrawal Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Withdrawal Instruction through the DWAC system.

Agent agrees that its approval of a Deposit or Withdrawal Instruction shall be deemed to be the receipt by DTC of a new reissued or reregistered certificated Security on registration of transfer to the name of Cede & Co. for the quantity of Securities evidenced by the Balance Certificate after the Deposit or Withdrawal Instruction is effected.]

~~[The Security certificate(s) shall be custodied with DTC.]~~

2. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Securities any information contained in the Security certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having

an interest in the Securities shall be deemed to have notice of the provisions of the Security certificate(s) by virtue of submission of such certificate(s) to DTC.

3. In the event of any solicitation of consents from or voting by holders of the Securities, 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 send notice of such record date to DTC no fewer than 15 calendar days in advance of such record date. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Reorganization Department, Proxy Unit at (212) 855-5181 or (212) 855-5182. 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 (212) 855-5187. Notices pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Supervisor, Proxy Unit
Reorganization Department
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

4. In the event of a full or partial redemption or an advance refunding of part of the outstanding Securities, 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) and 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 or, if possible, two business days 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 no fewer 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. Notices to DTC pursuant to this Paragraph by telecopy shall be directed 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 this Paragraph, 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

5. In the event of an invitation to tender the Securities, notice by Issuer or Agent to Security holders specifying the terms of the tender and the Publication Date of 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 or, if possible, two business days 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 number submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use and timeliness of such notice.) Notices to DTC pursuant to this Paragraph and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be directed to DTC's Reorganization Department at (212) 855-5488. 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 (212) 855-5135. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

6. All notices and payment advices sent to DTC shall contain the CUSIP number of the Securities.

7. In the event of a change in the interest rate, Agent shall send notice to DTC of such change and Agent shall indicate the stated coupon rate. Such notice, which shall include Agent contact's name and telephone number, by telecopy shall be directed to DTC's Dividend Department at (212) 855-4555. 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 (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

8. Issuer or Agent shall provide a written notice of interest payment information, including stated coupon rate information, to DTC as soon as the information is available. Issuer or Agent shall provide this information directly to DTC electronically, as previously arranged by Issuer or Agent and DTC. If electronic transmission has not been arranged, absent any other arrangements between Issuer or Agent and DTC, such information shall be sent by telecopy to DTC's Dividend Department at (212) 855-4555 or (212) 855-4556. 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 (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

9. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by

1:00 p.m. (Eastern Time) on the payment date all such interest payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Dividend Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

10. Agent shall provide DTC's Dividend Department, no later than 12:00 noon (Eastern Time) on the payment date, automated notification of CUSIP-level detail. If circumstances prevent the funds paid to Cede & Co., as nominee of DTC, by 2:30 p.m. (Eastern Time) from equaling the dollar amount associated with the detail payments by 12:00 noon (Eastern Time), Issuer or Agent must provide CUSIP-level reconciliation to DTC no later than 2:30 p.m. (Eastern Time). Reconciliation must be provided by either automated means or written format. Such reconciliation notice, if sent by telecopy, shall be directed to DTC's Dividend Department at (212) 855-4633, and receipt of such reconciliation notice shall be confirmed by telephoning (212) 855-4430.

11. Maturity and redemption payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date, all maturity and redemption payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Redemption Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

12. Principal payments (plus accrued interest, if any) as a result of optional tenders for purchase effected by means of DTC's Repayment Option Procedures shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date all such reorganization payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Reorganization Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

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

14. 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 Securities outstanding or an advance refunding of part of the Securities 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.

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

16. DTC may discontinue providing its services as securities depository with respect to the Securities 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 Securities 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 Securities to any Participant having Securities credited to its DTC accounts.

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

18. This Letter of Representations may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts together shall constitute but one and the same instrument.

19. This Letter of Representations shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles of conflicts of law.

20. The sender of each notice delivered to DTC pursuant to this Letter of Representations is responsible for confirming that such notice was properly received by DTC.

21. Issuer recognizes that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with the following, as amended from time to time: (a) any exemptions from registration under the Securities Act of 1933; (b) the Investment Company Act of 1940; (c) the Employee Retirement Income Security Act of 1974; (d) the Internal Revenue Code of 1986; (e) any rules of any self-regulatory organizations (as defined under the Securities Exchange Act of 1934); or (f) any other local, state, or federal laws or regulations thereunder.

22. Issuer hereby authorizes DTC to provide to Agent listings of Participants' holdings, known as Security Position Listings ("SPLs") with respect to the Securities from time to time at the request of the Agent. DTC charges a fee for such SPLs. This authorization, unless revoked by Issuer, shall continue with respect to the Securities while any Securities are on deposit at DTC, until and unless Agent shall no longer be acting. In such event, Issuer shall provide DTC with similar evidence, satisfactory to DTC, of the authorization of any successor thereto so to act. Requests for SPLs shall be sent by telecopy to the Proxy Unit of DTC's Reorganization Department at (212) 855-5181 or (212) 855-5182. Receipt of such requests shall be confirmed by telephoning (212) 855-5202. Requests for SPLs sent by mail or by any other means shall be directed to the address indicated in Paragraph 3.

23. Issuer and Agent shall comply with the applicable requirements stated in DTC's Operational Arrangements, as they may be amended from time to time. DTC's Operational Arrangements are posted on DTC's website at "www.DTC.org."

24. The following riders, attached hereto, are hereby incorporated into this Letter of Representations: None

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 the 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 distributed or 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 the County of Roane

[Issuer]

By: Stephen D. Boffreda
[Authorized Officer's Signature]
Secretary and Superintendent

United Bank, Inc., as Registrar #2719

[Agent]

By: K. J. Smith
[Authorized Officer's Signature]
Vice President

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Denise Russo

Funds should be wired to:

The Chase Manhattan Bank

ABA # 021 000 021

For credit to a/c Cede & Co.

c/o The Depository Trust Company

[Select Appropriate Account.]

Dividend Deposit Account # 066-026776

Redemption Deposit Account # 066-027306

Reorganization Deposit Account # 066-077608

cc: Underwriter
Underwriter's Counsel

SCHEDULE A

\$2,900,000 The Board of Education of the County of Roane

(West Virginia), Public School Refunding Bonds, Series 2003

[Describe Issue Including Issuer's Name]

<u>CUSIP Number</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
769775 BZ 9	\$ 190,000.00	5/01/2004	2.500%
769775 CA 3	210,000.00	5/01/2005	2.500
769775 CB 1	215,000.00	5/01/2006	2.500
769775 CC 9	220,000.00	5/01/2007	2.500
769775 CD 7	225,000.00	5/01/2008	2.500
769775 CE 5	235,000.00	5/01/2009	2.750
769775 CF 2	240,000.00	5/01/2010	3.000
769775 CG 0	250,000.00	5/01/2011	3.250
769775 CH 8	260,000.00	5/01/2012	3.500
769775 CJ 4	275,000.00	5/01/2013	3.500
769775 CK 1	280,000.00	5/01/2014	3.625
769775 CL 9	300,000.00	5/01/2015	3.750

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$400 million, one certificate will be issued with respect to each \$400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

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November 20, 2003

The Board of Education of the County of Roane
Spencer, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Re: \$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The Board of Education of the County of Roane (the "Issuer") of its \$2,900,000 in aggregate principal amount of Public School Refunding Bonds, Series 2003 (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and a Resolution and Order duly adopted by the Issuer on October 9, 2003 (the "Resolution"), and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Bonds are issued in fully registered form, are dated November 1, 2003, upon original issuance, represented by a single bond for each maturity, numbered R-1 to R-12, inclusive, with interest payable on each May 1 and November 1, commencing May 1, 2004, and principal installments payable each May 1, commencing May 1, 2004, and continuing until maturity thereof, being May 1, 2015.

GOODWIN & GOODWIN, LLP

November 20, 2003

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The Resolution provides that the issue is for the purposes of providing funds, together with other moneys of the Issuer, to pay costs necessary to advance refund all of the Issuer's outstanding Public School Bonds, Series 1994, dated July 1, 1994 (the "Prior Bonds"), originally issued in the aggregate principal amount of \$3,700,000, of which \$2,710,000 is presently outstanding, and to pay costs of issuance of the Bonds and other costs in connection with such refunding. Issuance of the Prior Bonds was approved by the voters of the Roane County School District (the "District") at an election held in the District on May 10, 1994, for the purpose of financing costs of improving, constructing, erecting, renovating, furnishing and equipping certain new and existing school facilities in the District.

The Bonds have been sold to Ferris, Baker Watts, Incorporated, Charleston, West Virginia (the "Purchaser") pursuant to a Bond Purchase Agreement dated November 4, 2003, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Escrow Agent contained in the Resolution and the Escrow Agreement (all such terms as defined in the Resolution) and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer and the Escrow Agent pertaining to tax matters set forth in the Resolution and the Escrow Agreement and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

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

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

3. Assuming due authorization, execution and delivery by the other parties thereto, the Escrow Agreement and the Bond Purchase Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their

GOODWIN & GOODWIN, LLP

November 20, 2003

Page 3

respective terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable general obligations of the Issuer, the principal of and interest on which, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable property within the District, without limitation as to rate or amount.

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

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

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it, together with any subordinate entities, does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2003. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

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

GOODWIN & GOODWIN, LLP

November 20, 2003

Page 4

satisfied and discharged. In rendering the opinion set forth in this paragraph 7, we have relied upon the verification report of certain independent certified public accountants relating to the sufficiency of the maturing principal of and interest to be earned on the United States Treasury Obligations deposited in the Escrow Fund established with the West Virginia Municipal Bond Commission, as Escrow Agent, which, together with any other moneys on deposit in said Escrow Fund, will provide for the payment of the principal of and interest on such Prior Bonds through the maturity date thereof.

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

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

Respectfully submitted

Goodwin & Goodwin, LLP
GOODWIN & GOODWIN, LLP

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November 20, 2003

The Board of Education of the County of Roane
Spencer, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Re: \$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The Board of Education of the County of Roane (West Virginia) (the "Board"), of its \$2,900,000 in aggregate principal amount of Public School Refunding Bonds, Series 2003 (the "Series 2003 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2003 Bonds and the exclusion of interest on the Series 2003 Bonds from gross income of the holders thereof for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other documents and matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings ascribed thereto in the Bond Purchase Agreement (the "Purchase Agreement") dated November 4, 2003, between the Board and the Underwriter.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the Board, and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid, binding and enforceable obligation of the Board

GOODWIN & GOODWIN, LLP

November 20, 2003

Page 2

(except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally and to the exercise of judicial discretion).

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

(3) The Board has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Board, and the Board has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2003 Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "Authority and Purpose," "Plan of Finance," "The Bonds" (except for information regarding DTC), "Tax Matters," "Legal Matters" and "Continuing Disclosure" (except for financial or statistical data therein, as to which no opinion is expressed) do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2003 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution.

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

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November 20, 2003

Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, West Virginia 25301

The Board of Education of the County of Roane
108 Chapman Avenue
Spencer, West Virginia 25276

Re: \$2,900,000 The Board of Education of the County of Roane (West Virginia), Public School Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have served as bond counsel with respect to the above-referenced bonds (the "Bonds"). The initial public offering price of the Series 2003 Bonds maturing on May 1, 2013 through May 1, 2015, each inclusive (collectively, the "Discount Bonds"), is less than that amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). We are of the opinion that amounts received upon such disposition, which are attributable to accrued OID, will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bonds during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an

GOODWIN & GOODWIN, LLP

November 20, 2003

Page 2

original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The Series 2003 Bonds maturing on May 1, 2004 through May 1, 2012, each inclusive (collectively, "the Premium Bonds"), will be sold with an original issue premium ("OIP"). The OIP will be equal to the excess of a holder's tax basis in the Premium Bonds over the amount payable at maturity, or in the case of Premium Bonds subject to redemption, the amount payable on the redemption date. Under current law, the OIP for Premium Bonds must be amortized on an annual basis by the holder thereof. The amount of OIP amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the internal Revenue Code of 1986, as amended, requires that the amount of annual amortization for the Premium Bonds be deducted from the holder's tax basis in such Premium Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the Premium Bonds are sold or redeemed. Holders of Premium Bonds should consult their tax advisors with respect to the determination and treatment of amortizable OIP for federal income tax purposes, and with respect to the state and local tax consequences of owning such Premium Bonds.

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

Office of the Prosecuting Attorney
Roane County Courthouse
P.O. Box 734
Spencer, West Virginia 25276

Mark G. Sergent
Prosecuting Attorney

Telephone(304) 927-2091
Facsimile(304) 927-4165

November 20, 2003

\$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

The Board of Education of the County of Roane
Spencer, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for The Board of Education of the County of Roane, West Virginia (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"), which are being delivered and sold to Ferris, Baker Watts, Inc. (the "Purchaser") pursuant to a Bond Purchase Agreement, dated November 4, 2003 (the "Bond Purchase Agreement") between the Purchaser and the Issuer. Any capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Bond Purchase Agreement and the Resolution and Order duly adopted by the Issuer on October 9, 2003 (the "Resolution").

In this connection, I have reviewed and examined certain laws of the State of West Virginia, certain proceedings and documents with respect to the Bonds, and such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, including, but not limited to Chapter 13, Article 2 of the West Virginia Code of 1931, as amended (the "Refunding Act"), the Resolution, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement, the Official Statement, and certain certificates of the Issuer (collectively, the "Bond Documents"). Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Issuer is a validly existing statutory corporation charged with the supervision and control of the Roane County School District, which is a validly existing political subdivision of the State of West Virginia, and is authorized by the Refunding Act to issue and sell the Bonds. The Issuer is authorized by the laws of the State of West Virginia, as provided by the Refunding Act, to enter into and perform its obligations under the Bond Documents.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds and the Bond Documents.

3. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Bond Documents; (ii) the ratification of the actions of the President of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

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

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

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

7. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to enter into and perform its obligations under the Bond Documents.

8. To the best of my knowledge after diligent inquiry, the Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

9. Based upon a review of the records in the Office of the Clerk of the U. S. District Court for the Southern District of West Virginia and the Clerk of the Circuit Court of Roane County, West Virginia, the Official Statement, and information related to me by the Board, it is my opinion that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the Bond Documents or any of the proceedings taken with respect to the issuance and sale of the Bonds, the application of moneys to the payment of the Bonds, the application of Bond proceeds to the refunding of the Prior Bonds or in any manner

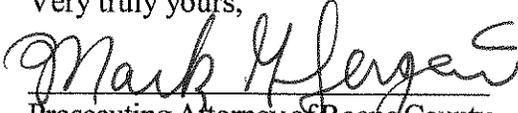
questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds, the existence of the Board on the boundaries of the Roane County School District, or the title of officials of the Board who have acted with respect to the proceedings for the issuance and sale of the Bonds to their respective offices, and no authority or proceedings for the issuance and sale of the Bonds have been repealed, revoked or rescinded.

10. Based upon my review of the Official Statement, and information related to me by the Board, it is my opinion that the statements contained in the Official Statement, under the captions "Roane County School District," "Certain Financial Information," "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters" and "Continuing Disclosure" do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading; and that based upon the foregoing without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date hereof, I have no reason to believe that the Official Statement, as of its date (except for the financial statements and other financial and statistical data included thereon, as to which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. Based upon my review of the Official Statement, and information related to me by the Board, it is my opinion that the issuance of the Bonds, the execution, delivery and performance of the Bond Documents, the performance of the Board's obligations under the Bonds and the Bond Documents and compliance with the provisions thereof by the Board, do not and will not conflict with or constitute on the part of the Board a breach of, or a default under any agreement, indenture, mortgage, lease or other instrument, to which the Board is subject or by which it is bound.

I hereby consent to all references made to me in the Official Statement. All counsel to this transaction may rely upon this opinion as if the same were addressed to them.

Very truly yours,


Prosecuting Attorney of Roane County

C

C

C

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

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RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

November 20, 2003

Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, WV 25301

Re: \$2,900,000 The Board of Education of the County of Roane (West Virginia),
Public School Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The Board of Education of the County of Roane, West Virginia (the "Board"), of its Public School Refunding Bonds, Series 2003, in the aggregate principal amount of \$2,900,000 (the "Series 2003 Bonds"). In connection with rendering this opinion, we have examined such documents as we deem relevant.

Based upon the foregoing, we are of the opinion that the Series 2003 Bonds are exempt from the registration requirements and the Securities Act of 1933, as amended, and the Resolution and Order of the Board approved on October 9, 2003, authorizing the issuance of the Series 2003 Bonds is exempt from the qualifications under the Trust Indenture Act of 1939, as amended.

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2003 Bonds.

Respectfully submitted,

Goodwin + Goodwin, LLP
GOODWIN & GOODWIN, LLP

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REGULAR MEETING OF THE BOARD OF EDUCATION OF THE COUNTY OF ROANE, HELD OCTOBER 9, 2003, 7:00 P.M., ROANE COUNTY HIGH SCHOOL, SPENCER, WEST VIRGINIA

Present: Jerry Greathouse, Randy Whited, Cynthia Stutler, and Garrett Samples, Members

Absent: Richard Boggs

Meeting called to order by Jerry Greathouse, President

Motion by Randy Whited and seconded by Cynthia Stutler to approve the minutes of the previous meeting. Motion carried.

Motion by Randy Whited and seconded by Cynthia Stutler to approve the following financial items. Motion carried.

1. Transfers/supplements to the budget:
2. Payment of bills as submitted:

Motion by Randy Whited and seconded by Garrett Samples to approve a Resolution and Order authorizing the underwriter and bond counsel to distribute a Preliminary Offering Statement on the Board's behalf for the purpose of offering the refunding bonds for sale to investors. The Resolution further authorizes the President and the Secretary to execute and deliver the other documents necessary to cause the 1994 bonds to be refunded. The Board authorizes Stephen F. Goffreda, Superintendent, to act on behalf of the Board as necessary and on the advice of Goodwin and Goodwin to complete sale of the bonds. Motion carried.

Motion by Cynthia Stutler and seconded by Garrett Samples to approve the following personnel items, as recommended by Stephen F. Goffreda, Superintendent. Motion carried.

1. Resignation:

Wood, Brenda - Substitute Teacher, effective 9/19/03

2. Transfer:

Keaton, Garry - Bus Operator, from route for Bus #13, to route for Bus #7

3. Rescind Administrative Transfer:

Rescind Administrative Transfer of Janna Nichols, Secretary III, ½ time, Spencer Middle, and return her to her previous position at RCHS

4. Employments:

Bailey, Carrie - Substitute Teacher
 Quick, Mary - Substitute Teacher
 Richardson, Aaron - Substitute Teacher, pending certification

5. Extra-Duty Assignments:

Goodwin, Shawna - Freshman Girls Basketball Coach, RCHS
 Hamric, Greg - Girls' Basketball Coach, Walton Elementary/Middle
 Lewis, Jenny - Grade K-5 After School Tutorial Teacher/Adult Mentor,
 Walton Elementary/Middle
 McCutcheon, David - Assistant Track Coach (Boys and Girls), RCHS
 Neal, Bruce - WVEIS School Contact/Coordinator, Geary Elementary/Middle

Motion by Randy Whited and seconded by Cynthia Stutler to approve the following contracted bus run: Dixie Jean Keaton, \$112.80 per day, Pine Grove Contract Run. Motion carried.

Motion by Randy Whited and seconded by Garrett Samples to approve the following contracted bus run: Anita Martin, \$45.00 per day, Bear Run Road and Randolph Road. Motion carried. Cynthia Stutler voted no.

Motion by Randy Whited and seconded by Cynthia Stutler to approve the following miscellaneous items. Motion carried.

1. Student Transfers:

Rebbicca Rose Newlon - from Calhoun County Schools to Roane County Schools
 pending approval of the Calhoun County Board of Education
 Patrick Leshar - from Roane County to Kanawha County Schools pending approval of the
 Kanawha County Board of Education

2. Field Trips:

Spencer Middle, Seventh Grade, to Camden Park, Huntington, WV, on May 13, 2004
 RCHS FFA Chapter to attend the National FFA Convention, Louisville, KY,
 October 28 through November 1, 2003.

3. Volunteers:

Walton Elementary/Middle:

Angela Burke	Kelly Carr	Pat Chaffins	Dynes, David
Cathy Dynes	Debbie Estep	Teresa Ferrebee	Judy Fields
Jenny Greathouse	Sherry Harper	Tracy Harper	Pam Holbert
Michelle James	Debbie Jarvis	Yvonne Jett	Traci Jett
Tamatha Jett	Lynda Layton	Scrilda Looney	Crystal Lowe

Tracy Marcum
Barbara Osborne
Brenda Paxton
Lori Rhodes
Sheryl Sergent
Lois Sloan
Becky Truman
Laura Webb
Christina Winnell

Sandy Meredith
Barbie Parsons
Carol Payne
Debra Russell
Laura Shafer
Linda Smith
Justina Walker
Stephanie Westfall

Kathy Moles
Shelli Parsons
Carol Proctor
Wendy Ryan
Carla Shirey
Vanessa Spencer
Lora Walls
Phyllis Wilson

Melissa Nichols
Lori Patton
Rhonda Ray
Laura Sample
Kimberly Simmons
Dina Strickland
James Walls
Naomi Wilson

Geary Elementary/Middle:

Amy Bolser

Robin Drake

Tammy Duncan

Jeanette Simmons

Reedy Elementary:

Sheila Murray

4. Policy:

Amend JGCF: *Medications*

Motion by Cynthia Stutler and seconded by Randy Whited to adjourn until the next regular meeting on November 13, 2003, RCHS at 7:00 p.m., to be preceded by a joint meeting with the Spencer Middle Local School Improvement Council at 6:00 p.m. Motion carried.



President



Secretary



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

\$2,900,000

Public School Refunding Bonds, Series 2003

REGISTRAR'S AGREEMENT

THIS AGREEMENT, dated as of November 20, 2003, by and between THE BOARD OF EDUCATION OF THE COUNTY OF ROANE (West Virginia), a statutory corporation of the State of West Virginia (the "Issuer"), and UNITED BANK, INC. a West Virginia banking corporation (the "Bank"), as Registrar under a Resolution and Order of the Issuer adopted October 9, 2003 (the "Resolution").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$2,900,000 aggregate principal amount of Public School Refunding Bonds, Series 2003, in fully registered form (the "Bonds"), pursuant to the Resolution;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Agreement does appoint the Bank to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank 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 Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement and the Resolution, the Issuer hereby agrees to pay to the Bank from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

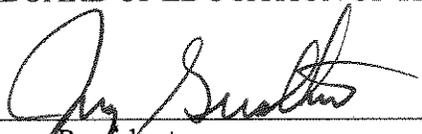
ISSUER: The Board of Education of the
 County of Roane
 108 Chapman Avenue
 Spencer, West Virginia 25276
 Attention: President

BANK: United Bank, Inc.
 500 Virginia Street, East
 Charleston, West Virginia 25301
 Attention: Trust Department

8. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

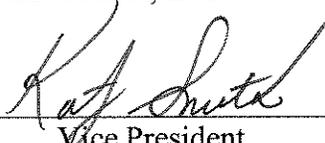
IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF ROANE and UNITED BANK, INC. have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE BOARD OF EDUCATION OF THE COUNTY OF ROANE

By: 

President

UNITED BANK, INC.

By: 

Vice President



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

October 27, 2003

Ms. Marie L. Prezioso
Ferris, Baker Watts, Incorporated
100 Laidley Tower
Charleston, West Virginia 25301

RE: *\$2,910,000 The Board of Education of the
County of Roane (West Virginia),
Public School Refunding Bonds,
Series 2003

Dear Ms. Prezioso:

Please be advised that in conjunction with the above captioned bond issue, United Bank, Inc., Charleston, West Virginia is hereby designated as registrar. Also, please be advised that the West Virginia Municipal Bond Commission will serve as paying agent and escrow agent for this issue.

If there are any questions concerning this designation, please feel free to contact me at (304) 558-5000.

Sincerely,

A handwritten signature in cursive script, appearing to read "John".

John D. Perdue
Treasurer

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LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. Box 2107
CHARLESTON, WEST VIRGINIA 25328-2107

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COPY

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

November 20, 2003

Via Certified Mail-Return Receipt

Requested No. 7003 0500 0004 5585 5041

Internal Revenue Service Center
Ogden, UT 84201

Re: \$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public School Refunding Bonds, Series 2003

Gentlemen:

Enclosed is Form 8038 filed on behalf of the Roane County (West Virginia) Board of Education, Spencer, West Virginia, which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Sincerely yours,

W. K. Bragg, Jr.

William K. Bragg, Jr.

WKB/aks
Enclosure

Information Return for Tax-Exempt Governmental Obligations

(Rev. November 2000)

Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here

1 Issuer's name The Board of Education of the County of Roane	2 Issuer's employer identification number 55 : 6000396
3 Number and street (or P.O. box if mail is not delivered to street address) 108 Chapman Avenue	Room/suite 4 Report number 2003-1
5 City, town, or post office, state, and ZIP code Spencer, WV 25276	6 Date of issue 11/20/03
7 Name of issue Public School Refunding Bonds, Series 2003	8 CUSIP number 769775
9 Name and title of officer or legal representative whom the IRS may call for more information W.K. Bragg, Jr. Bond Counsel	10 Telephone number of officer or legal representative (304) 346-7000

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input checked="" type="checkbox"/> Education	11 2,900,000
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	5/1/15	\$ 2,900,000	\$ 2,900,000	6.354 years	3.220189 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22 4,666.22
23 Issue price of entire issue (enter amount from line 21, column (b))	23 2,900,000.00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 85,529.36
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to currently refund prior issues	27
28 Proceeds used to advance refund prior issues	28 2,824,930.59
29 Total (add lines 24 through 28)	29 2,910,459.95
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 (10,459.95)*

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

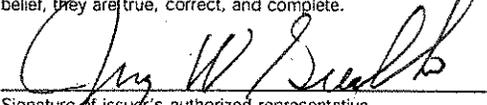
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	6.658 years
33 Enter the last date on which the refunded bonds will be called	5/1/04
34 Enter the date(s) the refunded bonds were issued	7/6/94

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b 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 <input type="checkbox"/> and enter the name of the issuer and the date of the issue	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here


11/20/03
OGDEN, UT
Jerry Greathouse, President

Signature of issuer's authorized representative Date Type or print name and title

*Amount represents net original issue premium paid to purchase bonds.



WV MUNICIPAL BOND COMMISSION
8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: November 18, 2003

ISSUE: The Board of Education of the County of Roane.
Public School Refunding Bonds, Series 2003
ADDRESS: 108 Chapman Avenue
Spencer, WV 25276 COUNTY: Roane
PURPOSE: New Money ___
OF ISSUE: Refunding X Refunds issue dated: July 1, 1994
ISSUE DATE: November 20, 2003 CLOSING DATE: November 20, 2003
ISSUE AMOUNT: \$2,900,000 RATE: 3.5126342 (NIC)
1ST DEBT SERVICE DUE: May 1, 2004 1ST PRINCIPAL DUE: May 1, 2004
1ST DEBT SERVICE AMT.: \$234,206.25 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP UNDERWRITER: Ferris, Baker Watts, Inc.
Contact Person: W.K. Bragg, Jr. Contact Person: Marie Prezioso
Phone 346-7000 Phone: (304) 345-3439

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: David Kinison
Position: Finance Director
Phone: (304) 927-6410

-----DEPOSITS TO MBC AT CLOSE:
X Accrued Interest: \$ _____
___ Capitalized Interest: \$ _____
By X Wire ___ Reserve Account: \$ _____
___ Check ___ Other: _____ \$ _____
-----REFUNDS & TRANSFERS BY MBC AT CLOSE:
X To Escrow Trustee: \$ _____
By X Wire X To Issuer: \$ _____
___ Check ___ Other: _____ \$ _____
___ IGT

Notes: _____
FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____

AN ORDER OF THE BOARD OF EDUCATION
OF THE COUNTY OF ROANE DIRECTING
AN ELECTION TO BE HELD FOR THE PURPOSE OF
SUBMITTING TO THE VOTERS OF ROANE
COUNTY SCHOOL DISTRICT ALL QUESTIONS
CONNECTED WITH THE CONTRACTING OF A DEBT AND THE ISSUING
OF BONDS IN THE PRINCIPAL AMOUNT OF THREE MILLION
SEVEN HUNDRED THOUSAND DOLLARS
(\$3,700,000)

BE IT ORDERED BY THE BOARD OF EDUCATION OF THE COUNTY OF ROANE: It appears to the Board of Education of the County of Roane (hereinafter called "the Board") from the experience of the Board in operating the schools in the Roane 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 serious deficiencies in the school building facilities presently existing which generally result in insufficient space, overcrowding, lack of efficiency, lack of adequate health and safety standards, lack of adequate facilities to prepare students properly for gainful employment and further education, and an overall impairment of the educational process within the School District. To meet these inadequacies, 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, to achieve these stated goals.
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 Nine Hundred Ninety Thousand Dollars (\$3,990,000) for such purposes, including the proceeds of the sale of the Bonds in the amount of Three Million Seven Hundred Thousand Dollars (\$3,700,000), surplus moneys from the general current fund ("Local Funds") in the sum of Seventy Thousand Dollars (\$70,000) and other moneys available from the federal government ("Federal Funds") in the sum of Two Hundred Twenty Thousand Dollars (\$220,000), all for the general purpose of providing adequate, safe and convenient educational facilities for the School District.
4. The valuation of the taxable property in the School District, as shown by the last assessment thereof for State and County taxation purposes, is \$180,191,887, and valuation of each class of property within the School District is as follows:

Class I	\$ 12,250,663
Class II	64,724,579
Class III	82,243,744
Class IV	20,972,901
Total	<u>\$180,191,887</u>

5. The Board and the School District now have \$1,185,000 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 \$9,009,594. Accordingly, Bonds in the amount of \$3,700,000, being less than five percent (5%) of the value of such taxable property as ascertained by the last assessment 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 each, or integral multiples thereof, aggregating \$3,700,000 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 10th day of May, 1994, and the commissioners and clerks for holding said election, at each of the legally established voting precincts in Roane County, shall be those commissioners and clerks designated, appointed and certified by the County Commission of Roane County, West Virginia in connection with said primary election.

8. The Bonds shall bear interest at a rate or rates not exceeding the rate of seven percent (7%) 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 twenty-one (21) years from the date thereof.

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

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

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
<p>Geary School</p> <p>Construct, equip and furnish an addition to house pre-school, art and music classes. Upgrade heating and ventilation systems, install air conditioning equipment, including, but not limited to, in classrooms and kitchen. Correct health and safety concerns. Replace carpet and tile as needed. Furnish classroom casework and additional bleachers in multi-purpose area. Repair masonry and renovate stage area.</p>	<p>Existing Geary School, Left Hand, WY</p>	<p>Bond Funds: \$495,209 Local Funds: 6,728 Total Cost: 501,937</p>
<p>Reedy Elementary</p> <p>Upgrade heating and ventilation systems, install air conditioning equipment, including but not limited to, in classrooms and correct health and safety concerns. Replace carpet and tile as needed. Provide new roof. Furnish classroom casework and a portable stage. Move grease trap to exterior of building.</p>	<p>Existing Reedy School, Reedy, WY</p>	<p>Bond Funds: 173,496 Local Funds: 2,357 Total Cost: 175,853</p>

PROJECT

LOCATION

ESTIMATED COST

Roane County High School

Construct outdoor complex for athletics, community health and recreation, physical education and vocational agriculture including stadium bleachers seating approximately 4,500, press box, football, baseball and softball fields, lighting for football and baseball, all-weather track, baseball back-stop and bleachers, a field house to include locker room, wellness/multi-purpose/wrestling room, weight training room, restrooms and concession rooms, sidewalks and fencing. In Lick Fork area provide materials for Vo-Ag barn/storage building, install stone-paving for access road and parking area, and install fencing.

Roane Co. High School
702 Charleston Rd.
Spencer, WV

Bond Funds: 1,714,320
Local Funds: 23,292
Total Cost: 1,737,612

Spencer Middle School

Upgrade heating and ventilation systems. Install air conditioning equipment, including but not limited to, in classrooms and kitchen. Correct health and safety concerns. Renovate shop area and locker rooms. Renovate windows. Replace carpet and tile as needed. Re-key exterior doors. Also, utilize Federal Chapter 1 funds to renovate shop area for remedial classroom and technology laboratory.

Existing Spencer
Middle School
Spencer, WV

Bond Funds: 426,081
Local Funds: 25,925
Federal Funds: 120,000
Total Cost: 581,976

Spencer Primary Center

Correct health and safety concerns. Pave parking area and access road and develop additional parking space for approximately 50 cars. Replace carpet and tile in older section. Also, utilize Federal and/or State Handicapped funds to provide elevator.

Existing Spencer
Primary Center
Rt. 36, Spencer, WV

Bond Funds: 98,397
Local Funds: 1,337
Federal and/or
State Funds: 30,000
Total Cost: 129,734

Walton Elementary School

Upgrade heating and ventilation systems, install air conditioning equipment, including, but not limited to, in classrooms and kitchen, and correct health and safety concerns in existing Walton Elementary Facility, including sewage plant renovations. Expand multi-purpose area, construct technology education room and additional storage. Purchase additional property, replace carpet and tile as needed, provide new roof, upgrade wiring and windows in old section. Also, utilize Federal and/or State Handicapped funds to construct classroom for pre-school handicapped.

Existing Walton
Elementary
Walton, WV

Bond Funds: 719,291
Local Funds: 9,501
Federal and/or
State Funds: 70,000
Total Cost: 798,792

Walton Middle School

Correct health and fire safety concerns, replace carpet in classroom and office areas, as needed, renovate restrooms to meet accessibility requirements. Provide air conditioning equipment for classrooms.

Existing Walton
Middle School
Walton, WV

Bond Funds: 61,235
Local Funds: 859
Total Cost: 64,094

APPROXIMATE TOTAL COST FOR ALL PROJECTS:

\$3,990,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Three Million Seven Hundred Thousand Dollars (\$3,700,000), Local Funds in the sum of Seventy Thousand Dollars (\$70,000) and Federal Funds in the sum of Two Hundred Twenty Thousand Dollars (\$220,000), with the total

amount to be expended by the Board, from all sources, being a sum in the approximate amount of Three Million Nine Hundred Ninety Thousand Dollars (\$3,990,000).

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

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	6.93 cents
Upon Class II Property approximately	13.86 cents
Upon Class III Property approximately	27.72 cents
Upon Class IV Property approximately	27.72 cents

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

13. If the debt represented by this Bond issue shall be approved by the voters, such Bonds, together with all existing bonded indebtedness heretofore incurred under Section 1, Article X, of the Constitution, will not exceed in the aggregate five percent (5%) of the taxable property in the School District 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 ROANE 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 Roane County at the primary election to be held on May 10, 1994, of the question of whether the Board should incur debt and issue Bonds in the sum of \$3,700,000 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 which are designated, appointed and certified by the County Commission of Roane County, West Virginia in connection with the primary election to be held on Tuesday, May 10, 1994.

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 Roane County Reporter and the Roane County Times Record which are newspapers of general circulation in the School District.

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

OFFICIAL BALLOT
 ROANE COUNTY BOARD OF EDUCATION
 SCHOOL BOND ELECTION
 Tuesday, May 10, 1994

Shall the Board of Education of the County of Roane incur debt and issue bonds in the amount of \$3,700,000, maturities on such bonds to run not more than twenty-one (21) years from the date of such bonds, with interest not exceeding the rate of seven percent (7%) per annum, payable semiannually, for the purpose of constructing, enlarging, extending, reconstructing, improving, furnishing and/or equipping the school buildings, facilities and structures in the Roane 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>
<p><u>Geary School</u></p> <p>Construct, equip and furnish an addition to house pre-school, art and music classes. Upgrade heating and ventilation systems, install air conditioning equipment, including, but not limited to, in classrooms and kitchen. Correct health and safety concerns. Replace carpet and tile as needed. Furnish classroom casework and additional bleachers in multi-purpose area. Repair masonry and renovate stage area.</p>	<p>Existing Geary School, Left Hand, WV</p>	<p>Bond Funds: 2,491,301 Local Funds: 6,728 Total Cost: 501,937</p>
<p><u>Reedy Elementary</u></p> <p>Upgrade heating and ventilation systems, install air conditioning equipment, including but not limited to, in classrooms and correct health and safety concerns. Replace carpet and tile as needed. Provide new roof. Furnish classroom casework and a portable stage. Move grease trap to exterior of building.</p>	<p>Existing Reedy School, Reedy, WV</p>	<p>Bond Funds: 173,496 Local Funds: 2,357 Total Cost: 175,853</p>
<p><u>Roane County High School</u></p> <p>Construct outdoor complex for athletics, community health and recreation, physical education and vocational agriculture including stadium bleachers seating approximately 4,500, press box, football, baseball and softball fields, lighting for football and baseball, all-weather track, baseball back-stop and bleachers, a field house to include locker room, wellness/multi-purpose/wrestling room, weight training room, restrooms and concession rooms, sidewalks and fencing. In Lick Fork area provide materials for Vo-Ag barn/storage building, install stone-paving for access road and parking area, and install fencing.</p>	<p>Roane Co. High School 702 Charleston Rd. Spencer, WV</p>	<p>Bond Funds: 1,714,320 Local Funds: 23,292 Total Cost: 1,737,612</p>
<p><u>Spencer Middle School</u></p> <p>Upgrade heating and ventilation systems, install air conditioning equipment, including but not limited to, in classrooms and kitchen. Correct health and safety concerns. Renovate shop area and locker rooms. Renovate windows. Replace carpet and tile as needed. Re-key exterior doors. Also, utilize Federal Chapter 1 funds to renovate shop area for remedial classroom and technology laboratory.</p>	<p>Existing Spencer Middle School Spencer, WV</p>	<p>Bond Funds: 436,051 Local Funds: 25,925 Federal Funds: 120,000 Total Cost: 581,976</p>

PROJECT

LOCATION

ESTIMATED COST

Spencer Primary Center

Correct health and safety concerns. Pave parking area and access road and develop additional parking space for approximately 50 cars. Replace carpet and tile in older section. Also, utilize Federal and/or State Handicapped funds to provide elevator.

Existing Spencer Primary Center Rt. 36, Spencer, WV

Bond Funds: 98,397
Local Funds: 1,337
Federal and/or State Funds: 30,000
Total Cost: 129,734

Walton Elementary School

Upgrade heating and ventilation systems, install air conditioning equipment, including, but not limited to, in classrooms and kitchen, and correct health and safety concerns in existing Walton Elementary Facility, including sewage plant renovations. Expand multi-purpose area, construct technology education room and additions. Purchase additional property. Replace carpet and tile as needed, provide new roof, upgrade wiring and windows in old section. Also, utilize Federal and/or State Handicapped funds to construct classroom for pre-school handicapped.

Existing Walton Elementary Walton, WV

Bond Funds: 719,291
Local Funds: 9,501
Federal and/or State Funds: 70,000
Total Cost: 798,792

Walton Middle School

Correct health and fire safety concerns, replace carpet in classroom and office areas, as needed, renovate restrooms to meet accessibility requirements. Provide air conditioning equipment for classrooms.

Existing Walton Middle School Walton, WV

Bond Funds: 63,235
Local Funds: 859
Total Cost: 64,094

APPROXIMATE TOTAL COST FOR ALL PROJECTS:

\$3,990,000

The above amounts are made up of the aggregate principal amount of the Bond issue in the sum of Three Million Seven Hundred Thousand Dollars (\$3,700,000), Local Funds in the sum of Seventy Thousand Dollars (\$70,000) and Federal Funds in the sum of Two Hundred Twenty Thousand Dollars (\$220,000), with the total amount to be expended by the Board, from all sources, being a sum in the approximate amount of Three Million Nine Hundred Ninety Thousand Dollars (\$3,990,000).

The foregoing amounts include the costs of acquiring necessary lands, sites and rights-of-way, if any, engineering and architectural costs, including but not limited to the cost of using County maintenance personnel, the costs and estimated costs of the issuance of the bonds, and such other costs, fees, and expenses as may be necessary and/or properly incurred in carrying out the foregoing projects. All Handicapped and Chapter 1 expenditures are subject to written approval by the West Virginia Department of Education. If for any reason any one or more of the above-enumerated projects cannot be constructed, carried out, or completed, the amount above set out for any such project and any sums remaining unused upon completion of any of the foregoing projects may be allocated by the Roane County Board of Education in its discretion, to and expended for any one or more of the remaining projects set out above, as provided by Section 6(a) Article 1, Chapter 13, of the Code of West Virginia, 1931, as amended. In the event the Roane 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.

For the Proposition

Against the Proposition

NOTICE TO VOTERS: To vote in favor of the proposition submitted on this ballot, mark an "X" in the box next to "For the Proposition."

To vote against the proposition, mark an "X" in the box next to "Against the Proposition."

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

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

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

Adopted on the 10 day of February, 1994.

THE BOARD OF EDUCATION OF THE COUNTY
OF ROANE

By: C. DeVaughn Moore
President

By: Thomas K. Smith
Member

By: Richard C. Bogn
Member

By: Daisy M. Matus
Member

By: David J. Boothe
Member

ATTEST:

Joe Evans
Secretary

Given under my hand this 10 day of February, 1994.

Joe Evans
Secretary of the Board of Education
of the County of Roane

ROANE COUNTY BOARD OF EDUCATION

RESOLUTION AND ORDER DIRECTING ISSUANCE OF BONDS

WHEREAS, The Board of Education of the County of Roane (the "Issuer"), has heretofore, on the 10th day of February, 1994, made and entered of record an order upon the question of authorizing bonds in the amount of Three Million Seven Hundred Thousand Dollars (\$3,700,000) to be issued and sold for the purpose of providing funds for making certain improvements in Roane County School District (the "District");

WHEREAS, partially in pursuance of said order an election was held on the 10th day of May, 1994, 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 Roane County, sitting as The Board of Canvassers of the County of Roane, on the 13th day of May, 1994, was one thousand nine hundred ninety-five (1,995) votes for and one thousand one hundred forty-six (1,146) votes against the issuance of said bonds; so that more than fifty percent (50%) of the voters, to wit, sixty-three and 51/100 percent (63.51%) 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 ROANE AS FOLLOWS:

1. Bonds in the aggregate principal amount of \$3,700,000 (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 Projects 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, 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 \$100,000 due and payable May 1, 1996;

Bonds in the amount of \$105,000 due and payable May 1, 1997;

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Bonds in the amount of \$110,000 due and payable May 1, 1998;
 Bonds in the amount of \$120,000 due and payable May 1, 1999;
 Bonds in the amount of \$125,000 due and payable May 1, 2000;
 Bonds in the amount of \$135,000 due and payable May 1, 2001;
 Bonds in the amount of \$145,000 due and payable May 1, 2002;
 Bonds in the amount of \$150,000 due and payable May 1, 2003;
 Bonds in the amount of \$160,000 due and payable May 1, 2004;
 Bonds in the amount of \$170,000 due and payable May 1, 2005;
 Bonds in the amount of \$180,000 due and payable May 1, 2006;
 Bonds in the amount of \$190,000 due and payable May 1, 2007;
 Bonds in the amount of \$200,000 due and payable May 1, 2008;
 Bonds in the amount of \$215,000 due and payable May 1, 2009;
 Bonds in the amount of \$225,000 due and payable May 1, 2010;
 Bonds in the amount of \$240,000 due and payable May 1, 2011;
 Bonds in the amount of \$255,000 due and payable May 1, 2012;
 Bonds in the amount of \$275,000 due and payable May 1, 2013;
 Bonds in the amount of \$290,000 due and payable May 1, 2014; and
 Bonds in the amount of \$310,000 due and payable May 1, 2015;

3. Bonds maturing on and after May 1, 2006, shall be subject to redemption prior to maturity in whole at any time or in part, on any Interest Payment Date at the option of the Issuer at the redemption prices (expressed as a percentage of principal amount to be redeemed) set forth in the table below, plus accrued interest to the date fixed for redemption.

<u>Redemption Dates (Both Dates Inclusive)</u>	<u>Redemption Price</u>
May 1, 2004 through April 30, 2005	102%
May 1, 2005 through April 30, 2006	101
May 1, 2006 and thereafter	100

Whenever the Bonds shall be redeemed in part, in case a fully registered Bond is of 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

deemed 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, interest on 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 Commercial Banking and Trust Company (the "Paying Agent") to be designated by the Board of Investments of the State of West Virginia, as agent for the Board of Investments, and the Issuer shall annually, at the levy term thereof, make up and lay a levy upon all taxable property within the District sufficient to provide funds for paying the interest on the Bonds as the same accrues and becomes payable and the principal thereof at maturity.

5. The Bonds shall be issued under the five percent (5%) limitation of the Better Schools Amendment and will be payable from a direct annual tax on all taxable property in the District, in the ratio, as between the several classes or types of such taxable property specified in Section 1, Article X of the Constitution, separate and apart from and in addition to all other taxes for all other purposes, sufficient to pay, annually, the interest of such debt and the principal thereof, within and not exceeding thirty-four (34) years, which may be levied outside the limits fixed by Section 1, Article X of the Constitution, and the Issuer covenants with the registered owners from time to time of the Bonds that the District shall include in its budget the amount of the debt service for each fiscal year of the District in which such sums are payable, shall appropriate such amount from its revenues for the payment of such debt service and shall duly and punctually pay or cause to be paid from its sinking fund or any other of its available revenues or funds the principal amount of each of the Bonds and the interest due thereupon at the date and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, subject to the limitations fixed

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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, Three Million Seven Hundred Thousand Dollars (\$3,700,000), together with all other bonds of the District currently outstanding, does not exceed or violate any provisions or limitations in any manner provided by the School Bond Amendment and the Better Schools Amendment.

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

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

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

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

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

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

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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 obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds.

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

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14. The Issuer will file all statements, instruments and returns necessary to ensure 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 Sections 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 primary election held on the 10th day of May, 1994, pursuant to the calling thereof, and to do all things proper and necessary to obtain the approval and sale of said Bonds, and no further authority shall be necessary to authorize any such officers or employees to give further assurance and do further acts as may legally be required by any individual or corporate purchaser of the Bonds hereby authorized or any of them.

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

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

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Adopted and entered of record this 23 day of May, 1994.

ROANE COUNTY BOARD OF
EDUCATION

By: C. DeVaughn Moore
President

ATTEST:

By: Joe Evans
Secretary

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Ferris, Baker Watts, Incorporated
Member NYSE, SIPC
Public Finance
500 Lee Street, East
Suite 100
Charleston, West Virginia 25301
(304) 345-3421

MEMORANDUM

TO: David Kinnison
Roane County Board
of Education
Phone: 304/927-6400
Fax: 304/927-6402

Bill Bragg
Goodwin & Goodwin
Phone: 304/346-7000
Fax: 304/344-9692

Denise Baker
WV Investment Mgt. Bd.
Phone: 304/347-7650
Fax: 304/345-5939

R. Witter Hallan
WV Municipal Bond Commission
Phone: 304/558-3971
Fax: 304/558-1280

FROM: Marie L. Prezioso
Joe Nassif

DATE: November 6, 2003

RE: Closing instructions for:
\$2,900,000
The Board of Education of the County of Roane (West Virginia)
Public Schools Refunding Bonds, Series 2003

On Thursday, November 20, 2003, Ferris, Baker Watts will wire to the West Virginia Municipal Bond Commission \$2,829,596.81 to be deposited as follows (see enclosed instructions).

Wire #1:	Escrow Account	\$2,824,930.59
	Debt Service Account	\$ 4,666.22
		<u>\$2,829,596.81</u>

On Thursday, November 20, 2003, Ferris, Baker Watts will wire to Branch Banking & Trust \$35,529.36 to be deposited as follows:

Wire #2:	Costs of Issuance Account	\$35,529.36
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On Thursday, November 20, 2003, West Virginia Municipal Bond Commission will make the following wires:

Wire # 1: \$2,824,930.00 to Bureau of the Public Debt to be entered on the Fed wire system. This is for payment of the SLGs for the escrow of 1994 Bonds. \$.59 will remain in escrow fund as cash deposit. (see attachment)

FERRIS, BAKER WATTS, INCORPORATED

Wire Memorandum

Relating to:

\$2,900,000

**The Board of Education of the County of Roane (West Virginia)
Public Schools Refunding Bonds, Series 2003
PF 2004/054**

Closing – Thursday, November 20, 2003

TO: Jon Rourke e-mail: jrouke@fbw.com
Phone: 301/273-6056
Sharon Pennington e-mail: spennington@fbw.com
Phone: 301/273-6061
Nikolai Utochkin e-mail: nutochkin@fbw.com
Phone: 301/273-6288
Carol Converso e-mail: cconverso@fbw.com
Phone: 410/230-2222
Scott Secrest e-mail: ssecrest@fbw.com
Phone: 410/230-3560
Liz Andresini e-mail: landresini@fbw.com
Phone: 410/130-2202
Joe Nassif e-mail: jnassif@fbw.com

FROM: Marie Prezioso e-mail: mprezioso@fbw.com

DATE: November 6, 2003

COPY: Craig Hartman e-mail: chartman@fbw.com
Bill Bragg
Goodwin & Goodwin e-mail: wkb@goodwingoodwin.com

Witter Hallan
WV Municipal Bond Commission whallan@state.wv.us

PAYMENT OF THE 2003 SERIES A BONDS:

The 2003 Series transaction will close with the Issuer on Thursday, November 20, 2003. Ferris, Baker Watts (FBW) needs to initiate the following fed fund wires on that date as soon as possible:

Wire #1: \$2,829,596.81
To: Branch Banking & Trust
ABA#: 051503394
For Account: 527-051-7317
For Account: State Treasurer
Attn: Municipal Bond Commission

Wire #2: \$35,529.36
To: Traders Bank, Spencer, WV
ABA#: 051501846
For Account: Roane Co. B/E
For Account: 5207886
Attn.: David Boothe
304/427-3340

These funds represent:

	<u>Series 2003 Bonds</u>
Par Amount	\$2,900,000.00
Plus: Accrued Interest:	4,666.22
Plus: Premium	10,459.95
Less: Underwriters Discount:	<u>(50,000.00)</u>
Total of 2 wires:	\$2,865,126.17

Delivery:

Upon confirmation of the above funds transfer, DTC will be notified of FBW's DTC participation #039. Bonds to be credited: \$2,900,000. DTC telephone number: 212/855-3752.

**MATURITY SCHEDULE, COUPON/YIELD/PRICE AND CUSIP NUMBERS
ARE LISTED BELOW**

\$2,900,000

The Board of Education of the County of Roane (West Virginia)
Public Schools Refunding Bonds, Series 2003

MATURITIES, AMOUNTS, RATES AND YIELDS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP
2004	\$190,000	2.50	1.00	769775 BZ 9
2005	210,000	2.50	1.25	769775 CA 3
2006	215,000	2.50	1.58	769775 CB 1
2007	220,000	2.50	1.95	769775 CC 9
2008	225,000	2.50	2.33	769775 CD 7
2009	235,000	2.75	2.64	769775 CE 5
2010	240,000	3.00	2.95	769775 CF 2
2011	250,000	3.25	3.24	769775 CG 0
2012	260,000	3.50	3.48	769775 CH 8
2013	275,000	3.50	3.61	769775 CJ 4
2014	280,000	3.625	3.73	769775 CK 1
2015	300,000	3.75	3.84	769775 CL 9

(Accrued interest to be added)

This issue will close under the "FAST" program

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

**\$2,900,000
Public School
Refunding Bonds, Series 2003**

RESOLUTION

WHEREAS, the Board of Education of the County of Roane issued the above-captioned Refunding Bonds (the "Refunding Bonds") on November 20, 2003;

WHEREAS, as a result of the issuance of such Refunding Bonds and the refunding of the Board's Public School Bonds, Series 1994, certain surplus funds were made available at the West Virginia Municipal Bond Commission for release to the Board (the "Surplus Account");

WHEREAS, under the Resolution providing for the issuance of the Refunding Bonds, the Board was permitted to withdraw such surplus funds from the Bond Commission on November 20, 2003, but only following the Board's review of the balances in the debt service account for the refunding bonds and in the Surplus Account and upon its determination in writing that sufficient funds will be on hand at the Commission to assure payment of the debt service due on the Refunding Bonds on May 1, 2004 (principal and interest); and

WHEREAS, the Board has reviewed the amount of funds on deposit in the Surplus Account and in the debt service account for the Refunding Bonds as of _____, 200_, and has determined and hereby determines that sufficient funds exist, together with anticipated additional tax collections to be received on or before May 1, 2004 and November 1, 2004, to assure payment of the May 1, 2004 and November 1, 2004, debt service on the Refunding Bonds in the respective amounts of \$234,206.25 and \$41,831.25.

NOW, THEREFORE, the Board hereby resolves, that the amounts on deposit in the Surplus Account and the debt service account for the Refunding Bonds are sufficient, together with the anticipated additional tax collections to be received on or before May 1, 2004 and November 1, 2004, to enable the Board to pay in full the

debt service on the Refunding Bonds due on May 1, 2004 and November 1, 2004, in the respective amounts of \$234,206.25 and \$41,831.25.

IT IS HEREBY FURTHER RESOLVED that the amount of \$_____ shall be withdrawn from the Surplus Account and that the balance remaining therein after such withdrawal shall be not less than \$_____.

IT IS HEREBY FURTHER RESOLVED that the Board requests that the West Virginia Municipal Bond Commission withdraw from the Surplus Account and deliver to the Board the sum of \$_____, and certifies that all of such funds will be used solely by the Board to finance the costs of capital improvements, repairs or replacements for school facilities in Roane County, West Virginia, which were specified in the bond referendum approved by the voters on May 10, 1994.

This Resolution shall take effect immediately upon its adoption.

Adopted and entered this ____ day of _____, 200__.

THE BOARD OF EDUCATION OF
THE COUNTY OF ROANE

By: _____
President



ARTICLE 2

REFUNDING BONDS

Section

- 13-2-1. What political divisions may issue refunding bonds; when issued.
- 13-2-2. Terms of refunding bonds; time, place and amount of payments.
- 13-2-3. Certain provisions of article one to apply to refunding bonds.
- 13-2-4. Disposition of bonds; cancellation of original bonds.
- 13-2-5. Article sufficient authority for issuing refunding bonds.
- 13-2-6. Issuance without election or notice.
- 13-2-7. Invalidity of part of article not to affect other parts.
- 13-2-8. Bonds exempt from taxation.
- 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent.

§ 13-2-1. What political divisions may issue refunding bonds; when issued

Any county, by and through its county commission, either for and on behalf of the county or for and on behalf of any magisterial district or group of magisterial districts therein; any municipal corporation, by and through its council or other governing body in lieu thereof; or any school district, or any independent school district, by and through its board of education or other fiscal body in lieu thereof, may, in the manner and subject to the limitations and conditions contained in this article, issue and sell its bonds for the purpose of refunding the bonds of such political division which have become or are becoming due and payable and for the discharge of which there are or will be when the bonds mature no funds or insufficient funds available; or when, in the opinion of the governing body of the political division obligated to the payment of such bonds, the rate of levy necessary to provide funds for their discharge will impose excessive taxes upon the taxpayers of such political division; or for the purpose of providing for the payment of outstanding bonds in advance of the maturity or redemption thereof through the making of a deposit as provided in section four of this article; or for the purpose of rendering outstanding bonds not due when such outstanding bonds are to be presented for payment before maturity by the exercise of option provisions or by agreement with the holders thereof. Such refunding bonds may be issued bearing the same or a higher or lesser rate of interest than the bonds to be refunded. Except to the extent that additional taxes for such purpose have been approved by the voters and the levy of such additional taxes provided for in the manner stipulated in sections seven through fourteen of article one of this chapter, no such refunding bonds shall be issued bearing a higher rate of interest than the bonds being refunded or shall be issued in a principal amount exceeding the principal amount of the bonds to be refunded unless the amount of debt service payable on such refunding bonds in each year is equal to or less than the amount of taxes expected to be available therefor as shall be certified by the chairman of the West Virginia municipal bond commission prior to the issuance of such refunding bonds. The amount of taxes expected to be available in each year for purposes of this section shall be based upon the rates

of levy stipulated in the order directing the election at which the issuance of the bonds being refunded was approved by the voters and upon the most recent assessed valuation of the affected property prior to such election. In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt service requirements of bonds which have not been issued.

Acts 1925, c. 46, § 1; Acts 1934, c. 25.

Literary References

Code of West Virginia
 Municipal Corporations § 9-3
 Schools § 97(2)
 Westlaw Key Number Searches: 104k175;
 268k913; 345k97(2).

Lawrence
 C.J.S. Counties § 218.
 C.J.S. Municipal Corporations §§ 1651, 1653.
 C.J.S. Schools and School Districts § 524.

Notes of Decisions

- In general 2
- Bonds increasing total indebtedness 4
- Construction and application 1
- Interest rate 6
- Mandamus 7
- Nature and effect of refunding bonds 3
- Winkler decision 5

1. Construction and application

Refunding Bond Act is designed to provide some flexibility as to issuance of refunding bonds with regard to interest, maturity schedules, and sales at discount, as long as the refunding bond plan does not exceed basic constraints of original bonds approved by the voters. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(9)

2. In general

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(7)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy

authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(9)

3. Nature and effect of refunding bonds

Refunding bonds generally do not constitute new indebtedness, because they provide method of refinancing earlier bond issue at lower interest rate. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. Municipal Corporations ⇐ 913

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇐ 97(1)

County court's issuance of refunding bonds to retire existing road bonds of magisterial district does not create "new indebtedness," and levies to provide debt service for refunding bonds may be laid as if they were original bonds. Code 1931, 13-2-1 et seq. Keeney v. Kanawha County Court, 1934, 175 S.E. 60, 115 W.Va. 243. Counties ⇐ 192

REFUNDING BONDS

§ 13-2-2

4. Bonds increasing total indebtedness

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(3)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including the amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(4)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(4)

5. Winkler decision

State School Building Authority was authorized to issue refunding bonds with respect to those bonds forming that part of bond issue deemed unconstitutional in Winkler v. State School Building Authority issued prior to date of such opinion; bonds issued prior to date of opinion were not invalid under principle of retroactivity, and refunding of such bonds to replace them at lower interest rate did not create new debt. Const. Art. 10, § 4. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇌ 148

School building capital improvements fund was available to fund bonds issued for purpose of refunding bonds issued by state School Building Authority (SBA) prior to promulgation of state Supreme Court's decision in Winkler v. State School Building Authority; previously granted authority to issue refunding bonds would have no practical effect absent source of funds from which to repay such bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇌ 152

State School Building Authority (SBA) was not permitted to issue bonds alleged to be refunding bonds for redemption of obligations created before Winkler v. State School Building Authority, which had practical effect of generating cash at closing in order to make immediate-

ly available to SBA anticipated debt service savings from so-called refunding bonds; rather, SBA's authority to issue refunding bonds to redeem pre-Winkler obligations was specifically limited to encompass only those bonds, proceeds of which SBA would use to discharge its preexisting obligations. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇌ 148

Mandamus

State School Building Authority (SBA) was permitted to refund bonds other than those specifically designated for refunding in Winkler v. State School Building Authority, to receive greatest benefit from lower interest rates applicable to refunding bonds; bonds and their interest rates were affected by changing economic circumstances beyond control of SBA, and denial of authority to refund pre-Winkler bonds different from those specified in such decision would render SBA unable to realize the value of redeeming earlier bonds at lower interest rates and effectively abrogate SBA's capacity to refund any of its pre-Winkler bonds. State ex rel. School Bldg. Authority of West Virginia v. Marockie, 1996, 481 S.E.2d 730, 198 W.Va. 424. States ⇌ 148

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇌ 97(7)

7. Mandamus

In a mandamus proceeding to compel a county court, which has issued, sold, and delivered to purchasers refunding bonds under the provisions of chapter 46, Acts 1925, to cancel all its refunding orders, recall the bonds and cancel them, on the ground that they are invalid as having been issued under an unconstitutional act, and as creating a debt without the sanction of the voters as provided by the Constitution, this court will not consider and pass upon the constitutionality of the statute nor upon the validity of the bonds, unless the bondholders are made parties or have their day in court. State ex rel. Hall, v. County Court of Mercer County, 1925, 129 S.E. 712, 100 W.Va. 11. Mandamus ⇌ 151(1)

§ 13-2-2. Terms of refunding bonds; time, place and amount of payments

Upon determining to issue such refunding bonds, the governing body of such political division shall, by resolution, authorize the issuance of such bonds in an

amount not exceeding the principal amount permitted by section one of this article, fix the date thereof, the rate or rates of interest which such bonds shall bear, payable semiannually, and require that the bonds shall bear, payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate. Such resolution shall also provide that such bonds shall mature serially in annual installments beginning not more than three years after the date thereof, and the last of such annual installments shall mature in not exceeding thirty-four years from the date of such bonds. The amount payable in each year on the refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when the amount of interest to be added to the principal amount to be paid during the period of years, the total amount payable in each year shall be a nearly equal amount, or such bonds may, or may be, payable in annual installments as nearly equal in principal as may be practicable.

All or a portion of the refunding bonds may be subject to redemption prior to the maturity thereof, at the option of the body issuing the same, at such times and prices and on such terms as shall be designated in the resolution required by this section. The body issuing the refunding bonds may not levy taxes in connection with the redemption of any refunding bonds in excess of the taxes that would have been levied for the payment of principal of and interest on such refunding bonds in such year.

Acts 1925, c. 46, § 2; Acts 1984, c. 25; Acts 1994, c. 13; Acts 1998, c. 320, eff. March 14, 1998.

Library References

Key Numbers

- Counties ⇨183(2).
- Municipal Corporations ⇨922.
- Schools ⇨97(6).
- Westlaw Key Number Searches: 104k183(2); 268k922; 345k97(6).

Encyclopedias

- C.J.S. Counties § 222.
- C.J.S. Schools and School Districts § 551.

Notes of Decisions

- Conformance with terms of initial bond issuance 4
- Interest rates 6
- Mandamus 9
- Maturity date 5
- Nature and effect of refunding bonds 1
- Partial issuance of original bonds 2
- Partial refunding 3
- Sale at discount 8
- Term of bonds 7

10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(1)

Rule that refunding bonds do not create a new debt, and therefore, may be issued without voter approval under State Constitution, is subject to certain qualifications, including that amount of refunding bonds cannot increase total indebtedness authorized by voters on the original bond issue. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

1. Nature and effect of refunding bonds

Issuance of refunding bonds to retire existing bonds under the Refunding Bond Act does not create a new indebtedness, and levies to provide debt service for new refunding bonds may be laid to the same extent and with like effect as they could have been laid for the original bonds. Code, 13-1-19, 13-2-1 to 13-2-9; Const. Art.

2. Partial issuance of original bonds

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when

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added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

3. Partial refunding

Section of Refunding Bond Act providing that in event only a portion of bonds provided for in order directing election at which issuance of bonds being refunded was approved, are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available, if applicable to those situations where the refunding bond plan leaves a debt service which, when combined with any original bonds that will not be refunded, is below the levy originally authorized by the voters, and thus, did not apply to school board's refunding plan, which was constructed to utilize all annual tax revenues during maturity schedule of the bonds. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 103(1)

4. Conformance with terms of initial bond issuance

Fact that school board's bond refunding plan was premised upon maintaining level debt service rather than level principal payments, which was basis for original bonds, was not objectionable, where there was no increase in tax levy rate contemplated. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Reduction in debt service for first and last years of school board's bond refunding plan were not consequential enough to constitute a violation of the "nearly equal as practicable" language in section of the Refunding Bond Act providing that amount payable in each year on refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when amount of interest is added to principal amount to be paid during respective years, total amount payable in each year shall be as nearly equal as practicable, where present refunding bond plan was within limits of the original voter mandate. Code, 13-2-2. Board

of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

Once voters have approved of a certain level of bonded indebtedness, this amount cannot be increased through issuance of refunding bonds without further voter approval. Code, 13-2-1; Const. Art. 10, §§ 1, 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

As long as school board's refunding bond plan left within limits of original voter mandate, no particular approval of voters was required, where bonds not require voter approval, if simply upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

Section of the Refunding Bond Act containing limitation that debt service on refunding bonds must be within confines of original tax levy authorized by voters, and requiring this fact to be certified by chairman of the Bond Commission prior to issuing refunding bonds with a higher interest rate than original bonds, places a limitation on refunding bond interest and debt service, but does not preclude utilization of each current year's property valuation to set amount of that year's levy rate. Code, 13-2-1. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

5. Maturity date

Maturity schedule and interest rates proposed for refunding bonds cannot increase total indebtedness from that originally authorized by the voters. Const. Art. 10, §§ 8, 10; Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

Fact that school board's refunding bond plan proposed a maturity schedule which was two years longer than maturity schedule of outstanding original bonds, and fact that annual debt service between the two schedules was somewhat different did not make the plan improper, since refunding bond's maturity schedule was still within 20-year schedule authorized by voters on original bond issue, and since annual debt service on refunding bonds remained within amount of annual tax levy. Code, 13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

6. Interest rates

Fact that under financing plan involving school board refunding bonds, refunding bonds would bear interest rates higher than interest rate on original bonds did not render them invalid, where bonds would be liquidated within the original 20-year period and taxpayers would save over \$4 million. Const. Art. 10, §§ 8, 10; Code, 13-2-1. Board of Educ. of Hancock

§ 13-2-2

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County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(7)

7. Term of bonds

Refunding bonds ordinarily may not be liquidated over a period longer than authorized for the original bond issue. Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

8. Sale at discount

Discount sale of a refunding bond is not prohibited under the Refunding Bond Act. Code.

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13-2-1 to 13-2-9. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

9. Mandamus

Once it is determined that a bond issue authorized by a governmental agency is lawful, mandamus will lie to compel secretary of the agency or other ministerial official responsible for executing the necessary documents to execute such documents. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Mandamus ⇨ 105

§ 13-2-3. Certain provisions of article 13-2 apply to refunding bonds. The provisions of sections seventeen, eighteen, nineteen and twenty of article one of this chapter, relating to bonds issued for original indebtedness, shall apply to the same extent and with equal force and effect to refunding bonds issued under the provisions of this article.

Library References

Key Numbers

Counties ⇨ 175.
Municipal Corporations ⇨ 913.
Schools ⇨ 97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

Notes of Decisions

In general 1

Registration of bonds 2

1. In general

Refunding Bond Act gives bond-issuing authorities option of structuring their refunding bond plan to maintain either level debt service or level principal payments, and where level debt service is chosen, then the test is that the total amount payable in each year should be nearly equal as practicable. Code, 13-2-2. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(9)

2. Registration of bonds

Statutes authorizing a bond-issuing authority to have bonds payable at the office of the State Treasurer and at such other places that the bond-issuing authority may designate provides sufficient authority to permit bonds to be registered at place of payment. Code, 13-1-14, 13-2-2; 26 U.S.C.A. § 103(j). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113
"Registration of a bond" means that it is payable to a designated person rather than payable generally to the bearer. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Bonds ⇨ 113

§ 13-2-4. Disposition of bonds; cancellation of original bonds

The governing body of the political body of the political subdivision issuing bonds under this article may sell the same or any part thereof and collect the proceeds, or such bonds may be delivered to the holder or holders of the bonds to be refunded in exchange therefor.

It is the intention of this article to authorize political divisions to issue bonds for the purpose of refunding outstanding bonds without thereby contracting any additional indebtedness, and it shall be conditional upon the delivery of any refunding bonds that the bonds to be refunded be canceled and paid simulta-

neously with the issuance and delivery of such refunding bonds: Provided, That such refunding bonds shall be issued in an amount sufficient to effect the refunding and may include an amount sufficient to pay (1) the principal amount outstanding of the bonds to be refunded, (2) interest accrued or to accrue to the date of maturity or the date of redemption of the bonds to be refunded (which need not necessarily be on the first available redemption date), (3) any redemption premiums to be paid thereon, (4) any reasonable expenses incurred in connection with such refunding and (5) any other reasonable costs deemed appropriate by the state, including without limitation, the expenses of preparing and delivering the refunding bonds, legal fees, financial advisory fees, consultant fees and other expenses incurred in connection with the sale and delivery of the refunding bonds.

For all purposes of this section, bonds shall be considered to have been canceled and paid in advance of their due date or date of redemption if there shall have been deposited with the West Virginia municipal bond commission either:

(a) Moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds; or

(b) Direct obligations of the United State of America or the state of West Virginia, or obligations fully and irrevocably secured as to the payment of both principal and interest by such direct obligations, the payment on which when due will provide moneys, sufficient to pay when and as due at maturity or prior redemption all amounts of principal, redemption premium, if any, and interest payable on such bonds.

All such amounts shall be set aside and held in trust and irrevocably dedicated solely to the payment of such bonds, except that amount in excess of the amounts required for the payment of the bonds so refunded may be applied to the payment of costs related to the issuance, carrying, insuring or servicing the refunding bonds, including costs of credit or market enhancement services, such as letters of credit, remarketing arrangements and similar services. Any amount deposited pursuant to this section may include amounts already held on deposit by the West Virginia municipal bond commission for the payment of the bonds to be refunded.

Acts 1925, c. 46, § 7; Acts 1937, c. 118; Acts 1984, c. 25; Acts 1994, c. 13.

Library References

Key Numbers

Counties ⇨175.
Municipal Corporations ⇨913.
Schools ⇨97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

Notes of Decisions

Unissued original bonds 1
Use of excess funds 2

1. Unissued original bonds

Where school board presents a financing plan that includes refunding bonds and an additional amount of unissued original bonds, aggregate of the principal and interest payments made on original bonds prior to their refunding, when added to amounts to be paid on refunding bonds and any outstanding original bonds that are issued but not refunded, cannot exceed original indebtedness authorized by the voters. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(3)

Where a bond-issuing authority has been unable to market all of its original bond issue and is unable to complete the project financed by the bond issue, it may utilize for the project any unencumbered funds in its account with the Bond Commission as a part of a refunding bond plan to complete the original project. Code, 13-3-9(c). Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 92(1)

2. Use of excess funds

Statute authorizing transfer of funds remaining from liquidation of school bonds to school current fund does not preclude use of excess money from an escrow fund established with the Bond Commission and derived from sale of refunding bonds under the Bond Refunding Act, as long as the board complies with subsection of the Act enabling bond-issuing authority to withdraw excess funds held by the Bond Commission that are not needed to liquidate original

bond issue; such funds can be spent on school improvements when they are made a part of a refunding bond plan for school improvements, and it is only when last bond has been retired that any excess funds then remaining are turned back to the school board to the credit of its school current fund. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

School board's plan to spend some excess money from sale of refunding bonds on school improvements was not improper. Code, 13-2-1 to 13-2-9, 13-3-9(c), 18-9-2c. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

Section of Bond Refunding Act providing that money received from sale of refunding bonds shall be set aside and held in trust and irrevocably dedicated solely to payment of such bonds, except that excess of amounts required for payment of bonds so refunded may be applied to payment of costs, was intended to enable school board to spend any excess money on expenses directly resulting from issuance of the refunding bonds, but does not foreclose the school board from utilizing any excess money for real purpose of the project for which bonds were issued, which was for school building improvements. Code, 13-2-4. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(5)

§ 13-2-5. Article sufficient authority for issuing refunding bonds

This article shall, without reference to any other act of the legislature, be full authority for the issuance, sale and exchange of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bonds hereunder shall be necessary except such as are required by this article. No publication of any notice, order, ordinance or proceeding relating to the issuance of such bonds shall be necessary.

Acts 1925, c. 46, § 8.

Library References

Key Numbers

Counties ⇨ 175.
Municipal Corporations ⇨ 913.
Schools ⇨ 97(2).
Westlaw Key Number Searches: 104k175;
268k913; 345k97(2).

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.
C.J.S. Schools and School Districts § 524.

§ 13-2-6. Issuance without election or notice

The issuance and sale of exchange bonds in this article authorized may be had without an election or publication of any notice.

Acts 1925, c. 46, § 9; Acts 1937, c. 118.

Key Numbers

Counties ⇨178.

Municipal Corporations ⇨918.

Schools ⇨97(4)

Westlaw: Key Number Search: 371k218
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Library References**Encyclopedias**

C.J.S. Counties § 221.

C.J.S. Municipal Corporations §§ 1664, 1672

C.J.S. Schools and School Funding § 201
3-7

Notes of Decisions

In general 1

1. In general

As long as school board's refunding bond plan fell within total obligation authorized by voters

pursuant to approval of original bond issue, it does not require voter approval or impinge upon mandate of the voters. Code, 13-2-1 to 13-2-9; Const. Art. 10, §§ 8, 10. Board of Educ. of Hancock County v. Slack, 1985, 327 S.E.2d 416, 174 W.Va. 437. Schools ⇨ 97(4)

§ 13-2-7. Invalidity of part of article not to affect other parts

If any clause, sentence, paragraph or part of this article shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of the article, but shall be confined in its application to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment has been rendered.

Acts 1925, c. 46, § 10.

§ 13-2-8. Bonds exempt from taxation

All bonds of the State of West Virginia or of any political subdivision thereof issued hereunder shall be exempt from all taxation by the State or by any political subdivision thereof.

Cross References

Bond issues for original indebtedness, bonds exempt from taxation, see § 13-1-33.

Library References**Key Numbers**

Taxation ⇨218.

Westlaw Key Number Search: 371k218.

Encyclopedias

C.J.S. Taxation § 260.

§ 13-2-9. Funding of orders, drafts or warrants by county courts and boards of education at rate lower than six percent

County courts and boards of education may, upon the application of the owner or holder or holders, by an order entered of record, fund any indebtedness represented by orders, drafts, or warrants by taking up one or more of such orders, drafts, or warrants issued on the same fund, and issue in lieu thereof new orders, drafts or warrants to the person or persons entitled to

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receive the sums of money due upon said orders, drafts, or warrants, and in which orders there shall be set out in detail the number of each order, draft, or warrant, the date thereof, to whom issued, the fund or funds on which drawn, the name of the present holder thereof, or the person or persons entitled to receive the sum due thereon, if interest-bearing the date from which interest began, the credits, if any endorsed thereon, and the date thereof, and such other information so as to completely identify the orders, drafts or warrants for which new orders, drafts or warrants are issued: Provided, however, That no power or authority herein given or contained shall be construed to make legal and binding any order, draft or warrant not legal and/or binding when originally issued or when issued by any board of education. The court and/or board shall, when the orders, drafts or warrants are interest-bearing, in issuing such new orders, drafts or warrants, issue them on the same fund upon which the original order, draft or warrant was issued and for the aggregate amount of unpaid principal and interest to that date, and cancel all such orders, drafts or warrants funded and file the same with the clerk of the county court of their county for preservation. All such new orders, drafts or warrants shall not become interest-bearing until the same shall have been presented to the sheriff for payment and endorsed as provided by law, and when so presented shall draw interest at five and one-half percent per annum.

Acts 1933, c. 43, § 1.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers

Counties 164.

Westlaw Key Number Search: 104k164.

Encyclopedias

C.J.S. Counties § 208.