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

**$29,120,000**
**Public School Refunding Bonds, Series 2015**

**Date of Closing: October 6, 2015**

BOND TRANSCRIPT

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THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

RESOLUTION AND ORDER

RESOLUTION AND ORDER OF THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA), AUTHORIZING THE REFUNDING OF THE BOARD OF EDUCATION OF THE COUNTY OF CABELL PUBLIC SCHOOL BONDS, SERIES 2006, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF $33,395,000, AND THE ISSUANCE FOR SUCH PURPOSE OF NOT TO EXCEED $31,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE BOARD OF EDUCATION OF THE COUNTY OF CABELL, PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015; 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 IN SUCH FORMS AS SHALL BE APPROVED BY THE PRESIDENT OR SECRETARY OF THE BOARD OR THE SUPERINTENDENT OF THE DISTRICT; APPOINTING A REGISTRAR, A PAYING AGENT, AN ESCROW AGENT AND A VERIFICATION AGENT; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF THE BONDS AND FUNDS ON DEPOSIT WITH THE WEST VIRGINIA MUNICIPAL BOND COMMISSION; ADOPTING POST-ISSUANCE TAX COMPLIANCE AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF BONDS OF THE BOARD AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, by a Resolution and Order Directing Issuance of Bonds the Board of Education of the County of Cabell, West Virginia (the "Board"), authorized and directed the issuance of $60,455,000 in aggregate principal amount of The Board of Education of the County of Cabell Public School Bonds, Series 2006, dated June 6, 2006, currently outstanding in the aggregate principal amount of $33,395,000 with $4,135,000 principal amount of such bonds to

be paid at maturity on May 1, 2015 leaving a then outstanding aggregate principal amount of $29,260,000 (the "Prior Bonds");

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

WHEREAS, the Prior Bonds were issued pursuant to the authority of a special bond election held on January 28, 2006 (the "2006 Bond Referendum");

WHEREAS, it has been proposed that the Cabell County School District (the "School District" or the "District") refund the Prior Bonds (the "Refunding") pursuant to the Refunding Act, through the issuance of its not to exceed $31,000,000 in aggregate principal amount of The Board of Education of the County of Cabell Public School Refunding Bonds, Series 2015 (the "Refunding Bonds"), as in this Resolution and Order (the "Resolution") provided;

WHEREAS, the Board has on deposit with the Commission funds from taxes levied and collected with respect to the Prior Bonds ("Surplus Funds");

WHEREAS, the Surplus Funds remaining on deposit with the Commission after the Refunding, less an amount to be retained in the debt service account for the Refunding Bonds, will be utilized by the District as determined by future action of this Board;

WHEREAS, Piper Jaffray & Co. (the "Underwriter") will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Board relating to the purchase of the entirety of the Refunding Bonds by the Underwriter;

WHEREAS, 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 the final terms of which will be approved by either the President or Secretary of the Board or the Superintendent of the District, acting together or individually (each, an "Authorized Officer"), such approval to be evidenced by the execution by an Authorized Officer of a Certificate of Determinations (the "Certificate of Determinations"), substantially in the form attached hereto as **EXHIBIT A – FORM OF CERTIFICATE OF DETERMINATIONS** and incorporated herein by reference;

WHEREAS, the Refunding, the issuance of the Refunding Bonds under the specific terms and conditions provided in the Certificate of Determinations, 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;

WHEREAS, it is in the best interest of this Board to grant to an Authorized Officer, the power and authority to establish the final terms and provisions of the Bonds as evidenced by the Certificate of Determinations, to execute the Bonds, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Escrow Agreement, to select a bond insurer, if any, and other participants, each as hereinafter defined;

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes ("Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations;

WHEREAS, it is determined that procedures should be adopted in the form attached hereto as **EXHIBIT C – FORM OF TAX COMPLIANCE PROCEDURES** in order to ensure that Tax-Exempt Obligations issued by the Board comply with the provisions of the Code and the Regulations (the "Tax Compliance Procedures");

WHEREAS, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule; and

WHEREAS, it is determined that procedures should be adopted in the form attached hereto as **EXHIBIT D – FORM OF CONTINUING DISCLOSURE COMPLIANCE PROCEDURES** in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the obligations of the Board and to assist the Participating Underwriters in complying with the Rule and such written undertakings (together with the Tax Compliance Procedures, the "Procedures");

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

1. There is hereby authorized and directed the redemption and refunding of the Prior Bonds, as hereinafter provided.

2. For the purpose of providing for the Refunding, the Board, acting for and on behalf of the School District, hereby authorizes and orders the issuance of the Refunding Bonds in the aggregate principal amount not to exceed $31,000,000. The Refunding Bonds shall be designated "The Board of Education of the County of Cabell Public School Refunding Bonds, Series 2015." The Refunding Bonds shall be dated such date or dates, shall be issued in one

series, not to exceed $31,000,000 in aggregate principal amount, shall mature on such date or dates not later than 6 years from their issuance date, shall mature in such principal amounts on such date or dates, shall bear interest at such rate or rates of interest not to exceed five percent (5.0%) per annum, payable on such date or dates and shall have such redemption provisions and other terms all as set forth in the Certificate of Determinations.

3. The principal amounts, maturity dates and interest rates on the Refunding Bonds shall not increase the total indebtedness authorized by the 2006 Bond Referendum. 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 Commission as a condition to issuance and delivery of the Refunding Bonds.

4. 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 B - 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 (as defined herein).

5. 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 Board determines that it is in the best interest of the beneficial owners of the Refunding Bonds that they obtain Bond certificates, the Board 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 Board or the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Board and the Registrar shall be obligated to deliver 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 Board and the Registrar to do so, the Registrar and the Board will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the 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. An Authorized Officer is hereby authorized and directed to execute and deliver to DTC a Blanket Letter of Representations in the form approved by an Authorized Officer on behalf of the Board and the Board is authorized to comply with all requirements of DTC.

6. 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, 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.

7. The Refunding Bonds shall be transferable only upon the books kept for that purpose by the Registrar 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.

8. The interest on any Refunding Bond shall be payable by check or draft mailed by the Paying Agent to the Registered Owner thereof as of the applicable Record Date (the fifthteenth calendar day next preceding an interest payment date set forth in the Certificate of Determinations ) 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 Board maintained by the Registrar, or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Refunding 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 a Refunding Bond for payment at the office of the Paying Agent, in Charleston, West Virginia. The Board and the Registrar shall not be required to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on such Interest Payment Date.

9. The Refunding Bonds shall be sold to the Underwriter. The Bond Purchase Agreement, in the form approved by an Authorized Officer on behalf of the Board is hereby authorized and approved.

10. The Escrow Agreement by and between the Board and the Commission, as Escrow Agent, to be dated the date of issuance of the Refunding Bonds (the "Closing Date"), in

the form approved by an Authorized Officer on behalf of the Board is hereby authorized, ratified and approved. An Authorized Officer shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by an Authorized Officer. Execution of the Escrow Agreement by an Authorized Officer 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.

11. The Continuing Disclosure Agreement of the Board to be dated the Closing Date, in the form approved by an Authorized Officer on behalf of the Board, and the execution and delivery by an Authorized Officer and/or Authorized Officers thereof shall be and the same are hereby authorized, approved and directed. An Authorized Officer and/or Authorized Officers shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by an Authorized Officer and/or Authorized Officers. Execution of the Continuing Disclosure Agreement by an Authorized Officer and/or Authorized Officers shall be conclusive evidence of any approval required by this Section.

12. The Preliminary Official Statement and the Official Statement, to be substantially in the form approved by an Authorized Officer on behalf of the Board, and the distribution of counterparts or copies thereof by the Underwriter are hereby approved. An Authorized Officer shall execute and deliver the Official Statement. The execution of the Official Statement by an Authorized Officer shall be conclusive evidence of any approval required by this Section. The distribution by the Underwriter of the Preliminary Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), in the form approved by an Authorized Officer on behalf of the Board is hereby ratified and approved. The certificate of the Board relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by an Authorized Officer is hereby ratified and approved.

13. A firm of independent certified public accountants approved by an Authorized Officer is hereby authorized to be engaged for the purpose of verifying yield and sufficiency of the Escrow Fund.

14. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby engaged for the purpose of serving as bond counsel to the Board with respect to the Refunding Bonds.

15. 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 Cabell 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 Cabell 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.

16. 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. An Authorized Officer 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 Certificate or similar certificate or agreement.

17. The Board will notify, by letter, the Executive Director of the Commission of its intention to accomplish the proposed Refunding and request the withdrawal of the Surplus Funds. The Surplus Funds remaining on deposit with the Commission after the Refunding, less an amount to be retained in the debt service account for the Refunding Bonds, will be utilized by the District as determined by future action of this Board.

18. Proceeds of the Refunding Bonds shall be applied as approved by an Authorized Officer on behalf of the Board as set forth in the Certificate of Determinations. Surplus Funds shall be applied as determined by future action of this Board to either reduce the aggregate principal amount of the Refunding Bonds or to be used for capital projects within the parameters of the 2006 Bond Referendum. The ultimate application of the Surplus Funds shall be determined and approved by future action of this Board.

19. An Authorized Officer 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 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.

20. 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, 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."

21. 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.

22. 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.

23. An Authorized Officer 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.

24. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

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

Adopted and entered of record this May 5, 2015.

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

By: _____
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 Cabell at a regular meeting of the Board held at 5:30 p.m., on May 5, 2015, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this May 5, 2015.

[SEAL]

By: William A Smith
Secretary

$29,120,000
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Marie L. Prezioso, Senior Vice President/Manager of West Virginia Public Finance of Piper Jaffray & Co. (the "Purchaser"), for and on behalf of the Purchaser, and Suzanne McGinnis Oxley, President of The Board of Education of the County of Cabell (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On October 6, 2015, in New York, New York, the Purchaser received the entire original issue of $29,120,000 in aggregate principal amount of The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Bonds"). The Bonds, as so received on original issuance, are dated October 6, 2015, 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 Suzanne McGinnis Oxley, as President of the Issuer, by her manual signature, and countersigned by William A. Smith, 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 (100.000% of par) | $29,120,000.00 |
| Plus: Premium | 1,578,487.85 |
| Less: Underwriter's Discount | (175,600.00) |
| TOTAL | $30,522,887.85 |

Payment for the Bonds was made in Federal Funds in the amount of $30,522,887.85, on the date hereof.

WITNESS our respective signatures this October 6, 2015.

PIPER JAFFRAY & CO.

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

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL

By: _____
Its President

EXHIBIT A

$29,120,000
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

| Bond No. | Maturity Date | Principal Amount | Interest Rate | Yield | CUSIP Number |
|---|---|---|---|---|---|
| R-1 | 05/01/2016 | $4,845,000 | 5.000% | 0.410% | 12681C CR3 |
| R-2 | 05/01/2017 | 4,420,000 | 5.000% | 0.760% | 12681C CS1 |
| R-3 | 05/01/2018 | 4,640,000 | 5.000% | 1.090% | 12681C CT9 |
| R-4 | 05/01/2019 | 4,875,000 | 5.000% | 1.400% | 12681C CU6 |
| R-5 | 05/01/2020 | 5,120,000 | 2.000% | 1.670% | 12681C CV4 |
| R-6 | 05/01/2021 | 5,220,000 | 2.000% | 1.930% | 12681C CW2 |

**$29,120,000**
**The Board of Education of the County of Cabell**
**(West Virginia)**
**Public School Refunding Bonds, Series 2015**

## DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attn: Trust Officer

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-6, inclusive, constituting the entire original issue of The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015, dated October 6, 2015, in the aggregate principal amount of $29,120,000 (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 Cabell (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution and Order Directing Issuance of Bonds adopted by the Issuer on May 5, 2015, as supplemented (such resolution and order, as supplemented, herein called 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 Piper Jaffray & Co., as the Purchaser thereof.

Dated this October 6, 2015.

THE BOARD OF EDUCATION OF
THE COUNTY OF CABELL

By: Suzanne Ryder
Its President

# EXHIBIT A

**$29,120,000**
**The Board of Education of the County of Cabell**
**(West Virginia)**
**Public School Refunding Bonds, Series 2015**

| Bond No. | Cusip | Principal Amount | Maturity Date (June 1) | Interest Rate |
|---|---|---|---|---|
| R-1 | 12681CCR3 | $4,845,000 | 05/01/2016 | 5.000% |
| R-2 | 12681CCS1 | $4,420,000 | 05/01/2017 | 5.000% |
| R-3 | 12681CCT9 | $4,640,000 | 05/01/2018 | 5.000% |
| R-4 | 12681CCU6 | $4,875,000 | 05/01/2019 | 5.000% |
| R-5 | 12681CCV4 | $5,120,000 | 05/01/2020 | 2.000% |
| R-6 | 12681CCW2 | $5,220,000 | 05/01/2021 | 2.000% |

$29,120,000

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

$4,845,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

| INTEREST RATE | MATURITY DATE | BOND DATE | CUSIP |
|---|---|---|---|
| 5.000% | MAY 1, 2016 | OCTOBER 6, 2015 | 12681CCR3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR MILLION EIGHT HUNDRED AND FORTY-FIVE THOUSAND DOLLARS

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL, (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, 2016 (each an "Interest Payment Date"), until maturity. United Bank, Inc., Charleston, West Virginia, has been designated 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 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 2015" (the "Bonds"), issued by the Issuer in the aggregate principal amount of $29,120,000. 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 West Virginia Code of 1931, as amended (the "Act") and a Resolution and Order (the "Order") duly adopted by the Issuer on May 5, 2015, for the purpose of refunding, along with other funds of the Issuer, the Issuer's Public School Bonds, Series 2006, currently outstanding in the aggregate principal amount of $29,260,000 (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 optional 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.

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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE COUNTY OF CABELL 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 October 6, 2015.

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

(SEAL)

By: _____
President

SPECIMEN

By: _____
Secretary

7003153

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 Steptoe & Johnson PLLC, 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.

Dated: October 6, 2015.

United Bank, Inc.,
as Registrar

By: _____

7003153

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

FOR VALUE RECEIVED the undersigned 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 of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

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

## CERTIFICATE OF DETERMINATIONS

The undersigned, Superintendent of the Cabell County School District, in accordance with a Resolution and Order adopted by The Board of Education of the County of Cabell, West Virginia (the "Board") on May 5, 2015 (the "Order"), with respect to the $29,120,000 The Board of Education of the County of Cabell, Public School Refunding Bonds, Series 2015 (the "Bonds"), hereby finds and determines as follows:

1. He is an Authorized Officer within the meaning of the Order.

2. The Bonds shall be dated October 6, 2015.

3. The Bonds shall be issued in the aggregate principal amount of $29,120,000.

4. Such principal amount does not exceed $31,000,000, being the maximum principal amount authorized by the Order.

5. The Bonds shall mature in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein. No Bonds mature later than October 6, 2021 being the latest maturity date authorized by the Order.

6. The Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein, which rates do not exceed five percent (5.0%) per annum. Interest shall be payable on the Bonds semiannually on each May 1 and November 1, beginning on May 1, 2016 and in each year until maturity.

7. The Bonds shall not be subject to either optional or mandatory redemption.

8. The Bonds shall be sold to Piper Jaffray & Co. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Board, at an aggregate purchase price of $30,522,887.85 (representing par value, less an underwriting discount of $175,600.00 plus an original issue premium of $1,578,487.85).

9. The proceeds of the Bonds shall be applied as set forth on Schedule 2 attached hereto and incorporated herein, including any additional determinations deemed necessary by the Superintendent of the District.

10. The Preliminary Official Statement of the Board dated September 9, 2015, is hereby ratified and deemed final within the meaning of paragraph (b)(1) of Rule 15c3-12 under the Securities Exchange Act of 1934, with such changes, omissions, insertions and revisions as the Authorized Officer (as defined in the Order) shall deem advisable. Such signature evidences approval thereof.

11. The final Official Statement of the Board attached hereto is hereby authorized and deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934,

with such changes, omissions, insertions and revisions as the Authorized Officer (as defined in the Order) shall deem advisable, such signature to evidence approval thereof.

The undersigned hereby certifies that the foregoing terms and conditions of the Bonds are within the limitations prescribed by the Order, and the Bonds may be issued with such terms and conditions as authorized by the Order.

WITNESS my signature this 17TH day of September, 2015.

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

By: William A Smith
Its: Superintendent

## Schedule 1

**$29,120,000**
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

| Maturity Date | CUSIP # | Par Amount | Coupon | Yield | Price | Premium (-Discount) |
|---|---|---|---|---|---|---|
| 5/1/2016 | 12681CCR3 | 4,845,000 | 5.00% | 0.41% | 102.607 | 126,309.15 |
| 5/1/2017 | 12681CCS1 | 4,420,000 | 5.00% | 0.76% | 106.601 | 291,764.20 |
| 5/1/2018 | 12681CCT9 | 4,640,000 | 5.00% | 1.09% | 109.879 | 458,385.60 |
| 5/1/2019 | 12681CCU6 | 4,875,000 | 5.00% | 1.40% | 112.490 | 608,887.50 |
| 5/1/2020 | 12681CCV4 | 5,120,000 | 2.00% | 1.67% | 101.445 | 73,984.00 |
| 5/1/2021 | 12681CCW2 | 5,220,000 | 2.00% | 1.93% | 100.367 | 19,157.40 |
| | | 29,120,000 | | | | 1,578,487.85 |

## Schedule 2

**Application of Bond Proceeds.**

| | |
|---|---|
| **Bond Proceeds:** | |
| Par Amount | $29,120,000.00 |
| Premium | 1,578,487.85 |
| | $30,698,487.85 |
| **Uses:** | |
| Refunding Escrow Deposits | |
| Cash Deposit | $ 500.00 |
| Open Market Purchases | 30,414,142.11 |
| | $30,414,642.11 |
| Costs of Issuance | $ 108,245.74 |
| Underwriter's Discount | $ 175,600.00 |
| Total Uses | $30,698,487.85 |

$29,120,000
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

GENERAL CERTIFICATE OF THE BOARD OF EDUCATION OF THE COUNTY OF CABELL 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. DEPOSIT OF FUNDS IN ESCROW FUND AND DEFEASANCE OF PRIOR BONDS
10. DESIGNATION OF REGISTRAR, PAYING AGENT AND ESCROW AGENT
11. CERTIFICATIONS PURSUANT TO PARAGRAPH 6(c)(5) OF THE BOND PURCHASE AGREEMENT
12. SPECIMEN BOND

The undersigned PRESIDENT and the undersigned SECRETARY of The Board of Education of the County of Cabell (the "Issuer"), a public corporation of the State of West Virginia (the "State"), HEREBY CERTIFY, for and on behalf of the Issuer, to Piper Jaffray & Co., as original purchaser (the "Purchaser") from the Issuer of the above-captioned bond issue, Steptoe & Johnson PLLC, 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: Except as otherwise provided, 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 May 5, 2015 (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, herein defined, the creation of the Escrow Fund 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 the Purchaser, upon a negotiated basis at the price of $30,522,887.85. 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 The Depository Trust Company, in New York, New York, the entire issue of the Bonds, in denominations equal to the principal amounts maturing May 1, in each of the years 2016 to 2021, and numbered R-1 to R-6, inclusive.

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

| | |
|---|---|
| Purchase Price (100.000% of par) | $29,120,000.00 |
| Plus: Original Issue Premium | 1,578,487.85 |
| Less: Underwriter's Discount | (175,600.00) |
| TOTAL RECEIVED | $30,522,887.85 |

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 May 5, 2015)

Bond Purchase Agreement

Escrow Agreement

Preliminary Official Statement

Official Statement

Continuing Disclosure Agreement

S&P Rating Letter

Accountants' Report Regarding Sufficiency of Escrow Fund and Debt Service Savings

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, 2014. On the date hereof, the Issuer has defeased the lien of The Board of Education of the County of Cabell Public School Bonds, Series 2006 (the "Prior Bonds"), on the ad valorem property taxes of the Cabell County School District. Accordingly, the Board, as of the date hereof, has no outstanding obligations which have a lien on such tax revenues prior to or on a parity with that of the Bonds. Thus, 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 Official West Virginia Code of 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 Cabell" and it is a public corporation of the State of West Virginia, in Cabell 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:

| Name and Office | | | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|---|---|
| Susan M. Oxley | - | President and Member | July 1, 2012 | June 30, 2016 |
| Mary Neely | - | Vice President and Member | July 1, 2014 | June 30, 2018 |
| Karen Nance | - | Member | July 1, 2014 | June 30, 2018 |
| Garland Parsons | - | Member | July 1, 2012 | June 30, 2016 |
| Rhonda Smalley | - | Member | July 1, 2014 | June 30, 2018 |

The duly appointed and acting Superintendent of Schools and Board Secretary is William Smith. Mr. Smith's current contract expires on July 1, 2017.

9. DEPOSIT OF FUNDS IN 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 October 6, 2015, have been deposited as provided in the Escrow Agreement and the amount of such deposited funds is sufficient to pay the principal of and the interest on the Prior Bonds on the respective maturities and interest payment dates thereof and, on May 1, 2016, 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. CERTIFICATIONS PURSUANT TO PARAGRAPH 14(c)(v) OF THE BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned hereby certify, as follows:

A. the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and each of the Issuer's representations and warranties contained in the Bond Purchase Agreement are true as of Closing;

B. the Issuer has authorized, by all necessary action the execution, delivery, receipt and due performance of the Securities, the Continuing Disclosure Agreement, the Resolution, the Escrow Agreement and all other Issuer Documents (as defined in the Bond Purchase Agreement) as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement;

C. to the Issuer's knowledge, no litigation is pending or threatened, to restrain or enjoin the issuance or sale of the Securities (as defined in the Bond Purchase Agreement) or in any way affecting any authority for or the validity of the Securities (as defined in the Bond Purchase Agreement) or the Resolution;

D. the execution, delivery, receipt and due performance of the Securities, the Issuer Documents (as defined in the Bond Purchase Agreement) and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on the part of the Issuer a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which it may be bound;

E. to the best of the undersigned's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement to make the statements and information therein not misleading in any material respect for the purposes for which it is to be used; and

F. the Issuer is obligated by such Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5), excepting only such matters as may be described in the Continuing Disclosure section of the Official Statement.

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

13. CONTINUING DISCLOSURE AGREEMENT: The Board is obligated by the Continuing Disclosure Agreement and is currently in full compliance with all of its prior written continuing disclosure agreements entered into pursuant to the provisions of Rule 15c2-12(b)(5).

WITNESS our signatures on this October 6, 2015.

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL

By: _____
President

By: _____
Secretary

EARL RAY TOMBLIN
Governor

MARK MATKOVICH
State Tax Commissioner
Chair

JOHN D. PERDUE
State Treasurer

GLEN B. GAINER III
State Auditor

WEST VIRGINIA
MUNICIPAL BOND COMMISSION

Suite 1117
900 Pennsylvania Avenue
Charleston, West Virginia 25302
(304) 558-3971
FAX (304) 558-1280

LARRY CHAPMAN
Member

JOHN ROACH
Member

SARA L. ROGERS
Executive Director

# $29,120,000 THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## CERTIFICATE OF THE CHAIRMAN OF THE WV MUNICIPAL BOND COMMISSION

I, the undersigned, Mark Matkovich, hereby certify as follows:

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

2. This certificate is delivered in response to a letter request, dated September 30, 2015, from the Cabell 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 October 6, 2015, the Cabell County Board of Education will issue its Series 2015 Public School Refunding Bonds, dated October 6, 2015, in the principal amount of $29,120,000, with interest rates of 2.00 to 5.00%. This issue will refund its Series 2006 Public School Bonds, dated June 6, 2006, with remaining principal outstanding of $29,260,000 and interest rates of 3.00 to 5.00%.

4. The amount of taxes expected to be available in each year for the purpose of paying debt service on the Series 2015 Refunding Bonds, and the projected debt service of those bonds are as follows:

| Tax Year Beginning July 1 | Taxes Available* | Projected Debt Service |
|---|---|---|
| 2015 | 6,637,634 | 5,497,469.44 |
| 2016 | 6,637,634 | 5,323,550.00 |
| 2017 | 6,637,634 | 5,322,550.00 |
| 2018 | 6,637,634 | 5,325,550.00 |
| 2019 | 6,637,634 | 5,326,800.00 |
| 2020 | 6,637,634 | 5,324,400.00 |
| | | $32,120,319.44 |

5. The total debt service on the Series 2015 Refunding Bonds will be $32,120,319.44 or $1,132,230.56 less than the remaining debt service on the Series 2006 Bonds. The debt service due each year on the Series 2015 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 $42,373,574.01.

WITNESS my signature this 1st day of October, 2015.

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

*Maximum available tax dollars, based on the election requirements. The actual amounts available may be less if the interest rate is lower than the approved election rate.

CABELL COUNTY SCHOOLS P.O. Box 446 • Huntington, WV 25709 • 304-528-5000 • Fax 304-528-5080

[LETTERHEAD OF CABELL COUNTY BOARD OF EDUCATION]

September 30, 2015

$29,120,000 The Board of Education of the County of Cabell (West Virginia)
Public School Refunding Bonds, Series 2015

Mark Matkovich, Esquire
Chairman
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302

Dear Mr. Matkovich:

As evidenced by and in accordance with the attached Resolution and Order (the "Resolution"), The Board of Education of the County of Cabell (the "Board") intends to issue the above-referenced bonds (the "Refunding Bonds") for the purpose of refunding the Board's Public School Bonds, Series 2006, dated June 1, 2006 (the "Prior Bonds"). The Prior Bonds were issued pursuant to the authority of a special bond election held on January 28, 2006 (the "2006 Bond Referendum"). In accordance with Section 1, Article 2, Chapter 13, of the West Virginia Code of 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 2006 Bond Referendum and upon the most recent assessed valuation of the affected property prior to such election.

The average rates of levy stipulated in the Order, for each $100 valuation, were as follows:

| | |
|---|---|
| Upon Class I property, approximately | 9.16 cents |
| Upon Class II property, approximately ..... | 18.32 cents |
| Upon Class III property, approximately ..... | 36.64 cents |
| Upon Class IV property, approximately ..... | 36.64 cents |

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

| | | |
|---|---|---|
| Class I ..... | $ | 1,498,298 |
| Class II ..... | | 993,507,356 |
| Class III ..... | | 596,833,467 |
| Class IV ..... | | 899,270,191 |
| TOTAL ..... | $ | 2,491,109,312 |

SUPERINTENDENT OF SCHOOLS • William A. Smith
ASSISTANT SUPERINTENDENTS: Todd A. Alexander • James A. Colegrove • H. Jeffrey Smith, Ed.D.
BOARD MEMBERS: Suzanne M. Oxley, President • Mary L. Neely, Vice-President • Karen Nance • Skip Parsons • Rhonda Smalley

The Prior Bonds will be paid with the proceeds of the Refunding Bonds; thus, after the refunding there will be no Prior Bonds issued and outstanding but not refunded. 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 CABELL

William A. Smith

By: _____
Superintendent of the Cabell County Schools

Copy to:
Fred Williams, Esquire
Ms. Marie L. Prezioso

SCHEDULE A

$29,120,000
The Board of Education of the County of Cabell
(West Virginia)
Public School Refunding Bonds, Series 2015

| Year Ending June 30 | Principal Amount | Annual Interest Payments | Annual Debt Service |
|---|---|---|---|
| 2016 | $4,845,000.00 | $652,469.44 | $5,497,469.44 |
| 2017 | 4,420,000.00 | 903,550.00 | 5,323,550.00 |
| 2018 | 4,640,000.00 | 682,550.00 | 5,322,550.00 |
| 2019 | 4,875,000.00 | 450,550.00 | 5,325,550.00 |
| 2020 | 5,120,000.00 | 206,800.00 | 5,326,800.00 |
| 2021 | 5,220,000.00 | 104,400.00 | 5,324,400.00 |
| Total | $29,120,000.00 | $3,000,319.44 | $32,120,319.44 |

**$29,120,000**
**The Board of Education of the County of Cabell**
**(West Virginia)**
**Public School Refunding Bonds, Series 2015**

## CERTIFICATE OF REGISTRAR

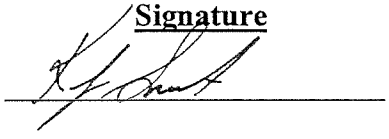
The undersigned, **KATHY SMITH**, Vice President and Trust Officer, of **UNITED BANK, INC.**, Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution and Order Directing Issuance of Bonds of The Board of Education of the County of Cabell (West Virginia) (the "Issuer") adopted May 5, 2015, as supplemented and amended (the "Resolution"):

1. The Bank is a West Virginia state banking corporation with trust powers which is authorized to conduct business in the State of West Virginia and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacities of Registrar under the Resolution.

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

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

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

| Name | Title | Signature |
|---|---|---|
| Kathy Smith | Vice President & Trust Officer |  |

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

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

IN WITNESS WHEROF, UNITED BANK, INC. has caused this Certificate to be executed by a duly authorized officer this October 6, 2015.

UNITED BANK, INC.

By: _____
Its Vice President
and Trust Officer

# EXHIBIT A

**$29,120,000**
**The Board of Education of the County of Cabell**
**(West Virginia)**
**Public School Refunding Bonds, Series 2015**

| Bond No. | Cusip | Principal Amount | Maturity Date (June 1) | Interest Rate |
|---|---|---|---|---|
| R-1 | 12681CCR3 | $4,845,000 | 05/01/2016 | 5.000% |
| R-2 | 12681CCS1 | $4,420,000 | 05/01/2017 | 5.000% |
| R-3 | 12681CCT9 | $4,640,000 | 05/01/2018 | 5.000% |
| R-4 | 12681CCU6 | $4,875,000 | 05/01/2019 | 5.000% |
| R-5 | 12681CCV4 | $5,120,000 | 05/01/2020 | 2.000% |
| R-6 | 12681CCW2 | $5,220,000 | 05/01/2021 | 2.000% |

**$29,120,000**
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

CERTIFICATE OF PAYING AGENT AND ESCROW AGENT

The undersigned SARA ROGERS, 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 October 6, 2015, between The Board of Education of the County of Cabell (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 and obligations of Paying Agent for the Bonds and Escrow Agent as set forth in the Escrow Agreement.

5. Pursuant to the Escrow Agreement, as of this day there is on deposit in the Escrow Fund established pursuant to the Escrow Agreement, United States Treasury Obligations in the amount of $30,360,000.00, and the sum of $500.00 which will remain uninvested in the Escrow Fund to pay the interest on the Issuer's Public School Bonds, Series 2006 (the "Prior Bonds") on November 1, 2015 and and principal and interest on such bonds on May 1, 2016, all as set forth in the Escrow Agreement.

6. The Bond Commission has the authority to act as Escrow Agent and for and in connection with the Prior Bonds and has requisite powers to carry out its duties under the Escrow Agreement

7. The Escrow Agreement has been duly and validly authorized, executed and delivered by the Bond Commission, and assuming due authorization, execution and delivery thereof by the Issuer, the Escrow Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms

WITNESS my signature this October 6, 2015.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____

Sara Rogers
Executive Director

**$29,120,000**
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

UNDERWRITER'S CERTIFICATE

The undersigned Marie Prezioso, Senior Vice President, Piper Jaffray & Co. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Series 2015 Bonds"), hereby certifies this 6th day of October, 2015 that:

1. As of September 17, 2015, the date on which the Bond Purchase Agreement (the "Bond Purchase Agreement"), between The Board of Education of Cabell County (West Virginia) (the "Issuer"), and the Underwriter was executed, the Underwriter offered all of the Series 2015 Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (collectively, the *"Public"*) in a bona fide public offering, and the Underwriter reasonably expected that the first prices at which at least 10% of each maturity would be sold by the Underwriter to the Public were the prices not higher than, or in the case of obligations sold on a yield basis, at yields not lower than, the initial prices shown on the cover of the Official Statement. At the time the Underwriter agreed to purchase the Series 2015 Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Series 2015 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 inside cover of the Official Statement. Based upon our assessment of prevailing market conditions of the Sale Date, the purchase price of each of the Series 2015 Bonds is not less than the fair market value of each Series 2015 Bond as of the Sale Date.

2. The Issue Price for the Series 2015 Bonds is $30,698,487.85.

3. The Weighted Average Maturity of the Series 2015 Bonds is 3.1211 years.

4. The Yield on the Series 2015 Bonds is 1.5070%.

5. The Underwriter has not and will not receive any compensation from the proceeds of the initial resale of the Series 2015 Bonds, including investment earnings thereon, in excess of its underwriter's discount in the amount of $175,600.00.

6. This certificate may be relied upon by the Issuer with respect to its Tax and Non-Arbitrage Certificate relating to the Series 2015 Bonds and by Steptoe & Johnson PLLC,

Bond Counsel, in rendering their tax opinion with respect to the Series 2015 Bonds, in particular its opinion that the interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Internal Revenue Code.

7. To the extent that we provided the Issuer and bond counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Series 2015 Bonds, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel.

[Remainder of Page Intentionally Blank]

8. This Certificate speaks only as of its date, and the undersigned is certifying only as to information in existence on the date hereof.

WITNESS my signature the day and year first written above

PIPER JAFFRAY & CO.

By: _____
Name: Marie L. Prezioso
Title: Senior Vice President

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

The undersigned hereby certify and represent to Piper Jaffray & Co. (the "Underwriter"), that she is the duly appointed and acting President of The Board of Education of the County of Cabell (the "Board"), authorized to execute and deliver this Certificate and further certify on behalf of the Board to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Bonds").

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hands as of this 9th day of September, 2015.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: R. Suzanne Oxley
Its: President

$29,120,000
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

# TAX CERTIFICATE

The undersigned President of the Board of Education of Cabell County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $29,120,000 principal amount of its Public School Refunding Bonds, Series (the "Series 2015 Bonds") hereby certifies as set forth in this Tax Certificate, on October 6, 2015 (the "Tax Certificate"). The Series 2015 Bonds are being issued and delivered on October 6, 2015, pursuant to Article 2 of Chapter 13 of the Code of West Virginia of 1931, as amended, and a Resolution and Order enacted by the Issuer on May 5, 2015 (the "Bond Legislation").

## A. DEFINITIONS

Any capitalized word or term used herein shall have the meanings set forth in Exhibit D, but if not defined in Exhibit D shall have the meaning set forth in the Bond Legislation.

## B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility for issuing the Series 2015 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. This Tax Certificate sets forth various facts regarding the Series 2015 Bonds and establishes the expectations of the Issuer as to future events regarding the Series 2015 Bonds and the use of the proceeds thereof. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Regulations §1.148-2(b)(2). This Tax Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2015 Bonds in order that interest thereon will be excluded from gross income for Federal income tax purposes.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the date hereof, the date on which the Series 2015 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 Bond Legislation that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2015 Bonds which would cause the Series 2015 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without limitation, the timely filing of a federal information return with respect to the Series 2015 Bonds), so that

the interest on the Series 2015 Bonds will be and remain excluded from gross income for federal income tax purposes, and that it will not take any actions which would adversely affect such exclusion.

6. The Series 2015 Bonds were sold on September 17, 2015, to the Underwriter for a purchase price of $30,522,887.85 (par amount of $29,120,000, plus original issue premium of $1,578,487.85 and less underwriter's discount of $175,600.00). No other obligations are (i) being sold at substantially the same time (within 15 days) as the Series 2015 Bonds, (ii) being sold pursuant to the same plan of financing, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2015 Bonds, determined without regard to guarantees from unrelated parties.

7. The Series 2015 Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the following purposes:

(a) to provide funds to advance refund the Issuer's outstanding Public School Bonds, Series 2006, dated June 6, 2006, issued in the original aggregate principal amount of $60,455,000 and currently outstanding in the amount of $29,260,000 (the "Prior Bonds") by investing such funds (except for an initial cash balance of $500.00) to purchase on the date hereof a portfolio of Government Obligations, the maturing principal of and investment income from which will be sufficient to pay the principal of, premium, if any, and interest on the Prior Bonds; and

(b) to pay certain costs of issuance of the Series 2015 Bonds.

8. The sources of proceeds of the Series 2015 Bonds are as follows:

SOURCES

| | |
|---|---|
| Par Amount of the Series 2015 Bonds | $29,120,000.00 |
| Original Issue Premium | 1,578,487.85 |
| Total | $30,698,487.85 |

9. The proceeds of the Series 2015 Bonds will be applied as follows:

USES

| | |
|---|---|
| Refund the Prior Bonds | $30,414,642.11 |
| Underwriter's Discount | 175,600.00 |
| Costs of Issuance for 2015 Bonds/Rounding | 108,245.74 |
| Total | $30,698,487.85 |

10. The Underwriter has certified in the Underwriter's Certificate, dated the date hereof, a copy of which is attached hereto as EXHIBIT A (the "Underwriter's Certificate"), that the Series 2015 Bonds have been offered, and a substantial amount of each maturity (at least 10%) thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial respective offering prices shown on the cover page of the Official Statement for the Series 2015 Bonds.

11. The yield on the Series 2015 Bonds is the discount rate that, when used in computing the present value as of the Issue Date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Series 2015 Bonds produces an amount equal to the

present value, using the same discount rate, of the aggregate issue price of the Series 2015 Bonds as of the Sale Date, which was September 17, 2015.

12. As determined by the Underwriter, the Yield on the Series 2015 Bonds, has been determined to be 1.5070% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2015 Bonds.

13. For purposes of determining whether the Series 2015 Bonds are private activity bonds, the Issuer makes the following representations. For this purpose, the proceeds of the Series 2015 Bonds used for refunding purposes are treated in the same manner as the Prior Bonds.

(i) Not more than ten percent (10%) of the proceeds of the Series 2015 Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Series 2015 Bonds and the Prior Bonds will, during the Combined Measurement Period, be, directly or indirectly, (A) secured by any interest in (1) property used or to be used for a private business use by any person other than a state or local governmental unit, or (2) payments in respect of such property, or (B) 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 by any person other than a state or local governmental unit.

(iii) Not more than five percent (5%) of the proceeds of the Series 2015 Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) The Project will not over the Combined Measurement Period be used in such a manner that more than ten percent (10%) of the proceeds of the Series 2015 Bonds will be used in the trade or business of a nongovernmental person. No user of the Project other than a state or local governmental unit has or will during the Combined Measurement Period use more than ten percent (10%) of such facilities on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of more than ten percent (10%) of such facilities as a result of (A) ownership, (B) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (C) any other similar arrangement.

C. THE SERIES 2015 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2015 Bonds are detailed in the Issuer's Certificate of Determination attached hereto as Exhibit E.

2. A Debt Service Fund for the Series 2015 Bonds is created under the Bond Legislation. Monies deposited in the Series 2015 Bonds Debt Service Fund, 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 one twelfth (1/12th) of the annual debt service on the Series 2015 Bonds. The Series 2015 Bonds Debt Service Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2015 Bonds within each Bond Year. All monies held in the Series 2015 Bonds Debt Service Fund will be used to pay debt service on the Series 2015 Bonds. The Series 2015 Bonds Debt Service Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2015 Bonds Debt Service Fund will be

invested without restriction as to yield and are not subject to rebate. To the extent that amounts may be held in excess of the amount which would constitute a bona fide debt service fund as defined in Treasury Regulation Section 1.148-1(a) such excess amounts shall be subject to yield restriction and rebate.

3. A Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Series 2015 Bonds in the amount of $108,245.74. The Costs of Issuance include only those amounts directly related to the costs of issuance, sale and delivery of the Series 2015 Bonds and a rounding amount. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

4. Other than the funds and accounts 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 Series 2015 Bonds or which are pledged as collateral to secure repayment of Debt Service thereon and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2015 Bonds.

5. No portion of the Series 2015 Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2015 Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2015 Bonds.

6. The Issuer certifies, warrants and covenants that the Series 2015 Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and the related Regulations, thereby enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage; and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Series 2015 Bonds.

7. As computed by the Underwriter and verified by Causey Demgen & Moore P.C. in the Verification Report, the combined yield on the Government Obligations purchased with the proceeds of the Series 2015 Bonds deposited into Escrow Account is not more than 0.34110%, which is not materially higher than the yield on the Series 2015 Bonds. For investments of the amounts in Escrow Account, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

D. REBATE

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, and as previously set forth as excepted in Section C hereof, all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Bond Legislation, the Issuer has created the Rebate Fund. 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. Monies so deposited shall be derived from the Issuer's own funds.

(c) On each Valuation Date, the Issuer agrees to value the Nonpurpose Investments allocable to the Series 2015 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 Series 2015 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.

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

(i) For each investment of any monies 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 Series 2015 Bonds as required by the Code and Regulations. If any of the Series 2015 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 Series 2015 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 that are allocable to Gross Proceeds of the Series 2015 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2015 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2015 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 Series 2015 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap, as set forth in Regulations §1.148-6(b)(2). 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 which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the

Series 2015 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 Series 2015 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2015 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 Series 2015 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 Series 2015 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2015 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 Series 2015 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 Series 2015 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, Internal Revenue Service Center, Ogden, Utah 84201-0027, or such other address for such purpose published by the Internal Revenue Service. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2015 A 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 Series 2015 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) 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 three 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 Series 2015 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 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 Series 2015 Bonds.

5. No Transferred Proceeds. There are no remaining unspent proceeds of the Prior Bonds that will become transferred proceeds of the Series 2015 Bonds.

E. MISCELLANEOUS

1. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. For purposes of filing the Form 8038-G with the Internal Revenue Service, the Issuer's EIN is 55-6000306. The Form 8038-G attached hereto as EXHIBIT B is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

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

2. The Issuer agrees to continue to monitor the use of the facilities and the expenditure of proceeds of the Series 2015 Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the Series 2015 Bonds will be excluded from gross income for federal income tax purposes. The Issuer will use the compliance policies attached hereto as EXHIBIT C. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the Issuer, in consultation with Bond Counsel, may use (i) the remedial actions set forth in Regulations §1.141-12, or (ii) the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2015 Bonds into compliance with the Tax-Exempt Rules.

3. None of the proceeds of the Series 2015 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 Series 2015 Bonds will not exceed the amount necessary for the governmental purposes thereof. As of the date hereof, the weighted average maturity

of the Series 2015 Bonds (3.121 years) does not exceed 120% of the average reasonably expected economic life of the improvements refinanced with the proceeds of the Series 2015 Bonds.

5. The Issuer shall not permit at any time or times any of the proceeds of the Series 2015 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 Series 2015 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2015 Bonds as "private activity bonds" within the meaning of the Code.

6. The Series 2015 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

7. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2015 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 Series 2015 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

8. No portion of the proceeds of the Series 2015 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 Series 2015 Bonds.

9. In connection with the Series 2015 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 Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2015 Bonds or any contract securing the Series 2015 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 Series 2015 Bonds.

10. The Series 2015 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage; or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

11. 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 Series 2015 Bonds from gross income for federal income tax purposes.

12. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2015 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2015 Bonds from the gross income of the holders thereof. In addition, and notwithstanding any other provision hereof, any provision of this Tax 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 Series 2015 Bonds from gross income of the recipients thereof for federal income tax purposes.

13. 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-exemption of the interest on the Series 2015 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code. The Issuer 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 Bond Legislation.

14. The original proceeds of the Series 2015 Bonds, plus investment proceeds thereon, other than amounts used for one or more of the purposes listed below, will not exceed one percent (1%) of the original proceeds of the Series 2015 Bonds:

(i) Proceeds that will be used to pay principal, interest or call premiums on the Prior Bonds;

(ii) Proceeds that will be used to pay pre-issuance accrued interest on the Series 2015 Bonds and interest on the Prior Bonds for a period up to the completion date of the facilities for which the Prior Bonds were issued, plus one year (no amounts will be paid under this provision);

(iii) Proceeds that will be used to fund a reserve fund, if any, or investment proceeds thereon;

(iv) Proceeds that will be used to pay costs of issuance of the Series 2015 Bonds;

(v) Proceeds that will be used to pay administrative costs allocable to (A) repaying the Prior Bonds, (B) carrying and repaying the Series 2015 Bonds, or (C) investments acquired with proceeds of the Series 2015 Bonds;

(vi) Transferred proceeds, if any, allocable to expenditure for the governmental purposes of the Prior Bonds;

(vii) Proceeds that will be used to pay interest on purpose investments, if any; (there will be no purpose investments);

(viii) Replacement proceeds in the Series 2015 Debt Service Fund established under the Bond Legislation;

(ix) Proceeds that will be used to pay the fees for any qualified guarantees for the Series 2015 Bonds or the Prior Bonds; and

(x) Proceeds that will be used to pay the fees for a qualified hedge for the Series 2015 Bonds; (there will be no qualified hedges).

15. The Issuer reasonably expected at the time the Prior Bonds were issued, to spend at least eighty-five percent (85%) of the spendable proceeds of such issue to carry out the governmental

purposes for which such issue was being issued within three (3) years of the date such issue was issued. Not more than fifty percent (50%) of the Prior Bonds has been or is expected to be, invested in investments having a substantially guaranteed yield for four (4) years or more.

16. For purposes of complying with Regulations §1.148-2(b), an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certifies that the representations and covenants set forth in this 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 Regulations §1.148-2(b) and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2015 Bonds.

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

18. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions with respect to the issuance, sale and delivery of the Series 2015 Bonds, including its opinions regarding the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes.

*[Remainder of Page Intentionally Left Blank]*

WITNESS my signature the day and year first written above.

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL

By: _____
Its President

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No.10]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 37]

EXHIBIT C

TAX COMPLIANCE POLICIES

[Included in Transcript as Document No. 40]

# EXHIBIT D

## DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations.

"**Bona Fide Debt Service Fund**" means 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 ($1/12^{th}$) of the principal and interest payments on the Series 2015 Bonds for the immediately preceding Bond Year.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with respect to the issuance of the Series 2015 Bonds and the exclusion of interest on the Series 2015 Bonds from gross income for the purposes of federal income taxation.

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Series 2015 Bonds, calculated in accordance with the provisions of Regulations §1.148-4. (*See* Sections B.11. and B.12. hereof.)

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

**"Combined Measurement Period"** means the period beginning on June 6, 2006 (the date of issuance of the Prior Bonds) and ending on May 1, 2021 (the maturity date of the Series 2015 Bonds).

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

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2015 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriter's spread (whether realized directly or derived through purchase of the Series 2015 Bonds at a discount below the price at which a substantial number of Series 2015 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2015 Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Series 2015 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2015 Bonds;

(f) accountant fees related to issuance of the Series 2015 Bonds;

(g) printing costs (for the Series 2015 Bonds and of preliminary and final offering materials); and

(h) 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).

"**Discharged**" means, with respect to any Series 2015 A Bond, the date on which all amounts due with respect to such Series 2015 A Bond are actually and unconditionally due if cash is available at the place of payment, and no interest shall accrue with respect to the Series 2015 A Bond after such date.

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

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

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

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

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

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

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

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

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

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

"**Final Computation Date**" means the date on which the last Series 2015 A 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.

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.

**"Government Obligations"** means the United States Treasury Notes purchased with the proceeds of the Series 2015 Bonds.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Series 2015 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.

"**Issue Date**" means October 6, 2015.

"**Issue Price**" means $30,698,487.85 being the Issue Price of the Series 2015 Bonds. (*See* Section B.10. hereof.)

The Issue Price is the initial offering price to the public at which price a substantial amount of the Series 2015 Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2015 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 Series 2015 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 Series 2015 Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale 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 Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a payment as defined in Regulations §1.148-5(b) for purposes of computing the Yield on an Investment.

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

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

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

"**Present Value of an Investment**" means the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2015 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 2006 dated May 6, 2006.

"**Proceeds**" means any Sale Proceeds and Investment 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 Regulations §1.148-2(d) or Section 143(g) of the Code or to qualified administrative cost recoverable under Regulations §1.148-5(e).

**"Project"** means collectively the improvements financed with the proceeds of the Prior Bonds.

"**Rebate Amount**" means, in respect of the Series 2015 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 Series 2015 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 Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the Internal Revenue Service. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a receipt as defined in Regulations §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 pursuant to Sections 103 and 141 through 150 of the Code, including those Income Tax Regulations promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended, that are applicable pursuant to the Code.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under Regulations §1.148-1(c). 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). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2015 Bond and that is described in Regulations §1.148-4(b)(4).

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

"**Underwriter**" means Piper Jaffray & Co., Charleston, West Virginia.

"**Valuation Date**" means the date on which the value of the Nonpurpose Investments allocable to the Series 2015 Bonds thereunder must be determined under Regulations §1.148-6. 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.

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

> (a) In the case of a plain par bond (within the meaning of Regulations §1.148-1(b)), 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 bond is 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 Regulations §1.148-5(d). Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of Regulations §1.148-1(b)) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Regulations §1.148-1(b)), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under Regulations §1.148-4 of the Regulations for the Series 2015 Bonds, and the yield computed under Regulations §1.148-5 for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is not materially higher than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

EXHIBIT E

CERTIFICATE OF DETERMINATIONS

[Included in Transcript as Document No. 5]

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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fred.williams@steptoe-johnson.com

September 30, 2015

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

Re: Refunding of The Board of Education of the County of Cabell (West Virginia) Public School Bonds, Series 2006

Dear Ms. Rogers:

On behalf of the Board of Education of the County of Cabell, West Virginia (the "Board"), we wish to advise you that the Board anticipates refunding the above-referenced bonds, which, as of the date hereof are outstanding in the aggregate principal amount of $29,260,000 (the "Prior Bonds"). The refunding is anticipated to be accomplished on or about October 6, 2015. In connection with the refunding, the Board will use the proceeds of its Public School Refunding Bonds, Series 2015 (the "Refunding Bonds"), in the aggregate principal amount of $30,522,887.85 to pay the costs of issuance of the Refunding Bonds and to deposit funds to refund the Prior Bonds. Funds 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 to and including the first redemption date of May 1, 2016. After such irrevocable commitment, the funds then remaining with the Commission in the surplus fund for the Prior Bonds, currently estimated to be $5,113,720.07, will be no longer earmarked or needed for the purpose of amortizing the Prior Bonds. $1,375,000 of such amount should be deposited into the account established for the Refunding Bonds Surplus Account and $3,738,720.07 will be withdrawn by and should be released to the Board as instructed by the Board. The funds remaining in the account to pay debt service in the amount of $607,748.81 will no longer be needed for the Prior Bonds. $126,953.93 will be withdrawn by and should be released to the Board as instructed by the Board. The amount of $480,794.88 plus any additional deposits made prior to October 6, 2015 will be transferred to the Refunding Bonds debt service account. The Commission should bill the Board for any fees incurred for the Prior Bonds or the escrow of the Prior Bonds.

The Board will keep the Commission advised as it proceeds with the issuance of the Refunding Bonds. The schedule for issuance of the Refunding Bonds may be extended or the Refunding Bonds may not be issued. Nevertheless, it is the Board's intent, and the Board hereby notifies the Commission, that the Refunding Bonds will be issued, the Bonds will be defeased, and the transfers described above in approximate amount will be necessary on or about October 6, 2015.

7003996

Please call me if you have any questions or need additional information at this time.

Very truly yours,

Fred Williams

~~Ered~~ Williams

LFW/mgb
cc: Ms. Marie L. Prezioso
Ryan White, Esquire

7003996

$29,120,000
THE BOARD OF EDUCATION OF THE COUNTY OF CABELL
(WEST VIRGINIA)
Public School Refunding Bonds, Series 2015

JOINT CERTIFICATE OF ISSUER AND ESCROW AGENT

The undersigned SUZANNE MCGINNIS OXLEY, President of the Board of Education of the County of Cabell, a public corporation of the State of West Virginia (the "Issuer"), and the undersigned SARA ROGERS, 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 October 6, 2015 (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, as defined in the Escrow Agreement, 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 deposited as provided in the Escrow Agreement.

4. Based upon the amount of Bond proceeds deposited into the Escrow Fund, together with the expected earnings on the investment of such Bond proceeds, and in reliance on the verification report of Causey Demgen & Moore P.C., the deposited funds together with the anticipated earnings thereon are shown to be in amounts sufficient to fully pay the Prior Bonds, including payment of the interest on the Prior Bonds as the same becomes due and payable each November 1 and May 1, commencing November 1, 2015 and to pay the maturing principal of and redemption price of the Prior Bonds on May 1, 2016, 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 October 6, 2015.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____
President

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Executive Director

WITNESS our signatures this October 6, 2015.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____
President

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Executive Director

Notice of Redemption of Prior Bonds

On File With Issuer

# NOTICE OF DEFEASANCE

**$60,455,000**
**The Board of Education**
**of the**
**County of Cabell (West Virginia)**
**Public School Bonds, Series 2006**
**Dated: June 6, 2006**

TO ALL REGISTERED OWNERS OF THE ABOVE CAPTIONED BONDS

NOTICE IS HEREBY GIVEN that all Public School Bonds, Series 2006, issued by The Board of Education of the County of Cabell, West Virginia, on behalf of the Cabell County School District, originally issued in the aggregate principal amount of $60,455,000 and outstanding on the date hereof in the aggregate principal amount of $29,260,000, have been refunded to their next redemption date, being May 1, 2016, and are deemed to have been paid in accordance with the provisions of Chapter 13, Article 2 of the West Virginia Code of 1931, as amended, and the lien on the ad valorem property taxes in said School District on behalf of such bonds has been defeased. Sufficient cash amounts have been deposited and are irrevocably credited to the West Virginia Municipal Bond Commission, as escrow agent, to pay the principal of and interest on such Bonds to and including May 1, 2016, 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 CABELL

By: UNITED BANK, INC.

Dated: October 6, 2015

# ESCROW AGREEMENT

By and Between

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

and

WEST VIRGINIA MUNICIPAL BOND COMMISSION,
as Escrow Agent

Dated as of October 6, 2015

# ESCROW AGREEMENT

This ESCROW AGREEMENT, made and entered into as of October 6, 2015, by and between THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Escrow Agent (the "Commission" or the "Escrow Agent").

## WITNESETH THAT:

WHEREAS, on June 6, 2006, the Issuer issued its Public School Bonds, Series 2006, in the original aggregate principal amount of **$60,455,000**, of which **$29,260,000** is presently outstanding (the "Prior Bonds");

WHEREAS, the Issuer has determined to issue its Public School Refunding Bonds, Series 2015 (the "Refunding Bonds"), pursuant to a Resolution and Order adopted and entered on May 5, 2015 (the "Resolution") and contemporaneously therewith, legally defease the Prior Bonds by applying proceeds of the Refunding Bonds 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 the proceeds of such Refunding Bonds, certain United States Treasury Obligations (the "Government Securities") described in **EXHIBIT A** attached hereto;

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 insure the payment, when due, of the principal of and interest on the Prior Bonds to and including May 1, 2016 (the "Redemption Date") the remaining principal amount of the Prior Bonds at par (the "Redemption Price");

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 Registered Owner of 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 Dates, to pay the respective Redemption Prices 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, shall be applied, except as otherwise provided herein, solely to the payment of the principal of and interest on the Prior Bonds as the same become due and payable and on the Redemption Date, to pay the Redemption Price of the Prior Bonds, all in accordance with paragraph 4 hereof.

2. Creation of Surplus Collections 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 "Surplus Collections Account", which shall be held and maintained by the Commission with respect to the Refunding Bonds.

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 **$30,414,642.11** to be deposited in the Escrow Fund, and thereupon **$30,414,142.11** to be applied to the purchase of the Government Securities and to hold the remaining **$500.00** 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 respective Redemption Price thereof. The Government Securities and the uninvested cash 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 respective 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 pay directly to the Registered Owner of the Prior Bonds all accrued interest on the Prior Bonds on each November 1 and May 1, commencing November 1, 2015 and continuing to the respective Redemption Dates of each series of the Prior Bonds and pay to the Registered Owner of the Prior Bonds the respective Redemption Price of the Prior Bonds on the Redemption Date therefore, in immediately available funds. Any earnings on the investments in the Escrow Fund which are not needed to pay the principal of and interest on the Prior Bonds as the same becomes due and payable and to pay the Redemption Price of the Prior Bonds on the Redemption Date therefore shall be transferred by the Paying Agent to the Debt Service Account for the Refunding Bonds and thereupon applied to the payment of debt service on the Refunding Bonds.

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 (with the exception of the transfers to the Debt Service Account for the Refunding Bonds and the transfers upon the termination of this Agreement herein described), 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 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.

5. Release of Surplus Funds for Prior Bonds; Deposit to Surplus Collections Account for the Refunding Bonds. Concurrently with the delivery of the Refunding Bonds, funds on deposit with the Commission in the Surplus Collections Accounts for the Prior Bonds on the Closing Date in the amount of **$1,375,000** shall be transferred by the Escrow Agent to the Surplus Collections Account for the Refunding Bonds and thereafter applied in accordance with the regulations and policies of the Bond Commission. All remaining funds on deposit in the Surplus Collections Accounts for the Prior Bonds on the Closing Date **($5,113,720.07** balance as of August 31, 2015) shall, after payment of any applicable fees to the Bond Commission, on the Closing Date, or as soon thereafter as practical, be paid by check from the Escrow Agent to the Issuer and thereafter applied by the Issuer solely to payment of costs of capital improvements, repairs or replacements to school facilities in Cabell County School District which were specified in the bond referendum approved by the voters of Cabell County, West Virginia, on January 28, 2006. Such funds to be released to the Issuer are not available for or pledged to the payment of debt service on the Prior Bonds or the Refunding Bonds.

6. Disposition of Debt Service Account Balances for the Prior Bonds. The Escrow Agent shall transfer **$126,953.93** of the funds on deposit on the Closing Date in the respective Debt Service Account for the Prior Bonds (**$607,748.81** balance as of August 31, 2015) by check on the Closing Date, or as soon thereafter as practical, be paid by check to the Issuer and thereafter applied by the Issuer solely to payment of costs of capital improvements,

repairs or replacements to school facilities in Cabell County School District which were specified in the bond referendum approved by the voters of Cabell County, West Virginia, on January 28, 2006. **$480,794.88** plus any additional deposits made prior to October 6, 2015 shall be transferred to the Refunding Bonds Debt Service Account.

7. 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.

8. 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.

9. 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 and the Commission shall have disbursed all funds then on deposit with the Commission in accordance with the terms of this Agreement. If any Prior Bonds are not presented for payment when due and payable, funds for the payment of any nonpresented Prior Bonds shall be held by the Escrow Agent in accordance with the terms hereof for a period of one (1) year following the Redemption Date of such Prior Bonds and such funds shall thereafter be released to the Issuer to be held by the Issuer in accordance with the unclaimed property laws of the State of West Virginia. Any money or Government Securities held in the Escrow Fund following the earlier of: (i) the payment in full of the Prior Bonds, or (ii) one (1) year following the Redemption Date of the Prior Bonds, and which is 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.

10. Earnings on Escrow Fund. Any earnings on the investments in the Escrow Fund which are not needed to pay the principal of and interest on the Prior Bonds as the same becomes due and payable and to pay the Redemption Prices of the Prior Bonds on the their respective Redemption Dates shall be transferred by the Paying Agent to the Debt Service Account for the Refunding Bonds and thereupon applied to the payment of debt service on the Refunding Bonds.

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

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.

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

20. Notices. Unless otherwise required herein, any notices, requests, complaints, demands, communications or other papers shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed to the parties as follows:

| | |
|---|---|
| The Issuer: | The Board of Education of the County of Cabell<br>2850 5th Avenue<br>Huntington, WV 25702 |
| The Escrow Agent: | West Virginia Municipal Bond Commission<br>900 Pennsylvania Avenue, Suite 1117<br>Charleston, West Virginia 25302 |

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 CABELL

By: _____
Its President

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its Executive Director

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

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL

By: _____
Its President

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its Executive Director

EXHIBIT A – DESCRIPTION OF GOVERNMENT SECURITIES

[Attach Subscription Confirmation]

WELLS FARGO SECURITIES
Wells Fargo Securities, LLC
608 Second Avenue South
10th Floor MAC N9303-102
Minneapolis, MN 55402
1-800-645-3751

**ACCOUNT NUMBER**
1BA81175

**YOUR REPRESENTATIVE**
SCOTT DORSEY

21034
CABELL COUNTY WEST VIRGINIA
CABELL COUNTY BOARD OF EDUCATION
2850 5TH AVENUE
HUNTINGTON WV 25702-1436

**PHONE** 212-214-8749



**DUPLICATE CABELL COUNTY WEST VIRGINIA**

**Solicited Trade**

# TRADE CONFIRMATION

| Activity | Quantity | Security ID | ISIN | Market* | Account* Type | Transaction Number | Trade Date | Settlement Date |
|---|---|---|---|---|---|---|---|---|
| Buy | 29,810,000 | 912828C81 | US912828C814 | O | 9 | X2725 | 09/17/2015 | 10/06/2015 |

| Price | Principal | Interest | Commission | Transaction Fees | Transaction Fee Codes* | Net Amount |
|---|---|---|---|---|---|---|
| 100.0195995 | 29,815,842.62 | 48,299.49 | 0.00 | | | $29,864,142.11 |

| Security Description | Symbol | Day Count | Coupon Rate | Maturity Date | Issue Date |
|---|---|---|---|---|---|
| UNITED STATES TREASURY NOTE | | ACT/ACT | 0.375 | 04/30/2016 | 04/30/2014 |

**OTHER INFORMATION**

UNITED STATES TREASURY NOTE
DUE 04/30/2016 00.375%
INTEREST DATES APR, OCT 30
SOLICITED
AS OF 09/17/15
YIELD TO MATURITY 0.34
ORIGINAL ISSUE DISCOUNT
FEDERALLY TAXABLE
TRADE CURRENCY USD
SETTLE CURRENCY USD

Interest Payment Frequency Semi-Annually
As Principal

*See Legend on Reverse Side

**Wells Fargo Securities, LLC - Member FINRA & SIPC**
**INVESTMENTS: NOT FDIC INSURED - NOT BANK GUARANTEED - MAY LOSE VALUE**
*Certificates of Deposit FDIC insured up to $250,000 per institution.*
Transactions subject to the terms and conditions stated herein and on the reverse side hereof. Retain for income tax purposes.

**/FS Terms and Conditions – We, Wells Fargo Securities, LLC ("WFS"), and you the customer hereby agree that:**

This confirmation shall be deemed acknowledged by you to be correct unless written notice of correction is received within 3 days. We reserve the right to correct this confirmation in case of error.

WFS is not a bank and is a separate legal entity from its bank or thrift affiliates. Securities sold, offered or recommended by WFS are not FDIC insured, are not bank deposits or other obligations of, or guaranteed by, Wells Fargo Bank, N.A., or any of their affiliates (unless explicitly stated otherwise). An investment in securities involves investment risks, including the possible loss of the principal amount invested.

This confirmation and all transactions hereunder are subject to: (a) the terms and conditions of any written agreements entered into between you and WFS; (b) the constitution, rules, regulations, customs, requirements, practices and interpretations of the exchange or market, and the clearing house, if any, where executed; and (c) applicable federal and state laws, the rules of any government agency, including the Securities and Exchange Commission ("SEC") and the Financial Services Authority ("FSA"), and of any association or self-regulatory organization having authority with respect thereto. WFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). This confirmation shall be construed in accordance with the laws of the State of North Carolina.

WFS may: (a) advise you as to the desirability of purchasing or selling securities and other property that may be purchased from or sold to an affiliate of WFS acting as principal or through such an affiliate acting as agent; and (b) execute any order to purchase or sell securities or other property from or to an affiliate of WFS acting as principal or through such affiliate acting as agent. In either case, the securities may have been issued by or underwritten by such affiliate and such affiliate may receive and retain its profits on such transactions including, without limitation any commissions, markups, markdowns or other remunerations not in excess of such affiliate's usual and customary charges. WFS' bank and thrift affiliates may be lenders to issuers of securities that WFS underwrites, in which case the proceeds of offerings underwritten by WFS may be used for repayment of such loans. Please refer to the disclosure documents relating to the securities for additional information.

All securities purchased for or sold to you may be hypothecated under circumstances that permit the commingling thereof with other customer securities.

WFS receives fees for directing orders in equity securities to particular brokers or dealers or market centers for execution. Such remuneration is considered compensation to WFS. The source and amount of any compensation received by WFS in connection with your transaction is available upon request.

Transactions executed in non-US markets may have been effected with or through an affiliate of WFS. Such affiliate may have acted as principal or agent and derived compensation therefrom. Additional information is available upon request.

An odd-lot differential may be charged on a transaction involving other than round lots (a round lot is normally 100 shares). The amount of any such differential is available upon request.

On your written request, WFS will furnish (i) the time of the transaction, and (ii) if WFS acted as your agent, the name of the buyer or seller of the security, and the amount, if any, of any remuneration if received other than commission, and (iii) if WFS acted as agent for another party, the source and amount of commissions received.

Call or early redemption features (either in whole or in part) may exist that could affect yield on debt securities. Additional information is available upon request.

Debt securities, including municipal securities, with a zero coupon make no periodic payments. Such securities may be callable at a price below their maturity value without notice by mail to holder unless registered.

If this transaction is a purchase by you and sufficient funds are not already in your account with us, you will make full payment for the securities promptly in accordance with the terms of this transaction (regardless of any right of equity, setoff or counter claim which you may have against us or any of our affiliates). We shall not be deemed to have delivered or to be required to deliver such securities prior to making such payment. If payment for, or delivery of, securities is not received by WFS by the earlier of the settlement date or the time specified by the regulations of the Federal Reserve Board we may cancel, or, in private or public sale, sellout or buy in the securities described on the front hereof, holding you liable for any loss incurred, and we may impose an interest charge from the date payment is due until it is received by WFS. If this transaction is a sale by you, unless you have informed us that this is a short sale and we have agreed to execute such sale, you represent that the securities described on the front hereof are in your account with WFS or you will deposit them promptly with WFS and not later than the settlement date.

The explanation "MISC" represents charges for, among other things, foreign currency conversions, commissions paid other brokers, and tax charges. Additional information is available upon request.

If this transaction is described as "when-issued" or "when-distributed" transaction, the final figure will be forwarded to you when obtainable on issue or delivery, and this transaction shall be subject to the special requirements for such transactions of any exchange on which it was made, or if not made on an exchange, of any association having authority with respect thereto.

If this is a transaction for a single mortgage-backed security pool that is TBA eligible during the applicable distribution period, additional pool information is available by calling Freddie Mac at 1-800-336-3672, option 2, or Fannie Mae at 1-800-237-8627 or by visiting their websites: www.freddiemac.com/mbs and www.fanniemae.com/mbs.

P. Disclosure documents for agency and mortgage-backed agency securities can be found at www.fanniemae.com, www.freddiemac.com, www.fhlb-of.com, www.farmcredit-ffcb.com and www.ginniemae.gov.

Q. If you are a securities custody customer of Wells Fargo Bank, N.A., we will provide instructions on your behalf respecting deliveries to, and from, your custody account, unless you notify us to the contrary.

R. At the time this transaction was executed, or subsequent thereto, we (or others acting for our account) may have effected transactions which stabilize or maintain the market price of the securities described on the front hereof (or other securities of the same issuer), at a level above that which may have prevailed in the open market. Such transactions may have been effected on any of the exchanges where these securities are traded, in the over-the-counter market, or otherwise. We may also engage or have engaged in such stabilization after this transaction was executed. Such stabilization, if commenced, may be or may have been discontinued at any time.

S. We (or others acting for our account) reserve the right to offer for sale and/or to sell from time to time as principal or agent an amount of the securities described on the front hereof in excess of the amount owned by us (or the seller for whom we act as agent) at the time such offers and/or sales are made. Such offers or sales (sometimes known as "short sales" or "overallotments") may or may not be made in conjunction with stabilizing transactions described in the preceding paragraph.

T. You acknowledge that the right of the holder of any tender option bonds to tender such securities is subject to restrictions and is not available in certain circumstances, including, in many instances, a downgrade in the rating of the issuer of the bonds. Additional information is available upon request.

U. Open unfilled orders will be cancelled before the opening of the next business day following the sixtieth day from the date entered. Buy orders, stop orders and sell stop limit orders are reduced in price by the amount of the cash dividend on the day a security sells ex-dividend unless we are specifically instructed otherwise. Sell orders, buy stop orders and buy stop limit orders are not reduced in price when a security sells ex-dividend.

V. Actual yield on collateralized debt, municipal or non-municipal mortgaged-backed securities may fluctuate due to prepayment rates. Additional information concerning the factors that affect yield is available upon written request.

W. For all US Treasury inflation indexed securities, the principal amount of the security is adjusted for inflation. The value of the security is derived by multiplying the par amount by the applicable index ratio. Additional information is available upon written request.

X. If "Below Minimum Denomination" is noted on front of this trade confirmation, the quantity of securities you have purchased is below the minimum denomination for the issue and this may adversely affect the liquidity of the position unless you have other securities from the issue that can be combined to reach the minimum denomination.

Y. If at any time WFS shall have a Forward Exposure to you, WFS may by notice to you require you to transfer to WFS cash in US dollars or securities acceptable to WFS in its sole discretion in an amount or having value sufficient to fully eliminate the Forward Exposure. For purpose of this paragraph, "Forward Exposure" means the amount of loss that would occur upon canceling or terminating this transaction and entering into a replacement transaction determined in accordance with market practice or as otherwise agreed between WFS and you. WFS's right to request collateral will be exercised in its sole discretion. WFS' failure to exercise this right or the manner in which it is exercised, will not operate to change or alter the terms and conditions of this confirmation or limit WFS' right to request or receive margin at a later date.

Z. If at any time this transaction is governed by the terms of a master agreement (including but not limited to ISDA, SIFMA or similar association-approved form master agreements), any terms and provisions contained in such master agreement relating to margin that conflict with the margin requirements set forth in this confirmation shall supercede and replace the margin requirements set forth in this confirmation.

AA. To extent permitted by applicable law, WFS shall have the right to debit your account or any other account of yours held by WFS or its affiliates for any amount payable by you in connection with any and all obligations to WFS regardless of whether they relate to or arise under the agreement under which this confirmation is issued. If you fail to honor any obligation to WFS or any of its affiliates, WFS shall have the right, without notice to you, to retain or set-off any liabilities that WFS may have to you whether matured, un-matured or contingently liable as guarantor.

BB. If this security was sold pursuant to a registration statement or where a prospectus is otherwise required, you may request prospectus delivery by calling 1-800-326-5897.

CC. It is understood that the seller has the right to substitute eligible securities of equal value for the securities sold under repurchase agreements.

DD. All inquiries or complaints regarding your account or the activity therein should be directed to Customer Support, 608 2nd Avenue South, 10th FLR, MAC N9303-102, Minneapolis, MN 55402, 1-800-645-3751,option 5, WFSCustomerService@Wellsfargo.com. International callers should call 1-877-856-8878.

EE. SUBJECT TO U.S. TREASURY OR AGENCY DEBT AND AGENCY MBS FAILS CHARGE TRADING PRACTICE PUBLISHED BY TMPG AND SIFMA AT http://www.sifma.org/Services/Standard-Forms-and-Documentation/Securitized-Products/Securitized-Products-Fails-Charge-Trading-Practice/

**MARKETING WHERE EXECUTED (MKT)**

| | |
|---|---|
| 1 | New York Stock Exchange |
| 2 | NYSE Alternext |
| 3 | Multiple markets (details on request) |
| 4 | BATS Exchange |
| 5 | Chicago Board Options Exchange |
| 6 | NASDAQ OMX BX |
| 7 | Chicago Stock Exchange (formerly Midwest) |
| 8 | Philadelphia Stock Exchange |
| 9 | ARCA EX |
| O,N,G,B | Over-the-Counter |
| R | NASDAQ |
| V | Electronic Communications Network |
| S | National Stock Exchange |
| Q | International Securities Exchange |
| T | CBOE Stock Exchange |
| U | The Market where executed can be provided upon request |
| Y | BATS Y |
| W | Direct Edge A(EdgeA) |
| Z | Direct Edge X(EdgeX) |

**ACCOUNT TYPE**

| | |
|---|---|
| 1 | Cash |
| 2 | Margin |
| 3 | Income |
| 4 | Repo |
| 5 | Short Sales |
| 6 | Reverse Repo |
| 7 | Non-Purpose Loan |
| 9 | DVP/RVP |

**TRANSACTIONS FEE CODES**

| | | | |
|---|---|---|---|
| 1 | Broker Pay Away | F | French Transaction Tax |
| 2 | Clearing Fee | G | Service Fee |
| 3 | International Taxes | H | Handling Fee |
| 4 | Levy Taxes | J | Trade Account Fee |
| 5 | Other Fees | K | Exercise and Assignment Fee |
| 6 | Stamp Dty Tax | L | Broker Fee |
| 7 | Trading Fee | O | Options Regulatory Fee |
| 8 | Transfer Duty | P | Clearing Fee |
| 9 | Value Add Tax | Q | Ticket Charge |
| A | Regulatory Fee | | |
| B | Local Brokerage Fee | | |
| C | Local Market Fee | | |
| D | Local Market Tax | | |
| E | Confirm Fee | | |

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA)

## VERIFICATION REPORT FOR THE PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

**CAUSEY DEMGEN & MOORE** P.C.
Certified Public Accountants and Consultants

CAUSEY DEMGEN & MOORE P.C.
Certified Public Accountants and Consultants

1125 Seventeenth Street - Suite 1450
Denver, Colorado 80202-2025
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.causeycpas.com

October 6, 2015

The Board of Education of the
County of Cabell
2850 5th Avenue
Huntington, West Virginia 25702

Steptoe & Johnson PLLC
707 Virginia Street, Suite 715
Charleston, West Virginia 25301

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

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of cash plus U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Public School Bonds, Series 2006 (herein referred to as the "Refunded Bonds") issued by The Board of Education of the County of Cabell (West Virginia) (herein referred to as the "Board") and (b) the computations supporting the conclusion of Bond Counsel that the Public School Refunding Bonds, Series 2015 (herein referred to as the "Refunding Bonds") to be issued by the Board are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended. We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the Refunding Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by Piper Jaffray & Co. (herein referred to as the "Underwriter"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through D attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

## OUR UNDERSTANDING OF THE TRANSACTION

The Board intends to issue the Refunding Bonds on October 6, 2015 to advance refund the Refunded Bonds. A portion of the proceeds of the Refunding Bonds will be used to purchase U.S. Treasury Securities and to provide cash that will be placed into an escrow account to advance refund the Refunded Bonds.

The Escrow Agent will pay the debt service requirements of the Refunded Bonds on each scheduled payment date through and including May 1, 2016 and will redeem those Refunded Bonds maturing

on May 1, 2017 and thereafter, at a redemption price equal to 100% of par, on May 1, 2016, which is the first optional redemption date for these bonds.

## ESCROW ACCOUNT TRANSACTIONS

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to advance refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-2) plus $500.00 in cash. The securities and cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to principal outstanding, interest rates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Refunded Bonds to be current as of October 6, 2015. We compared the above information set forth in this Official Statement with the related information contained in the schedules provided to us and found the information to be consistent.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the cash and securities proposed to be placed in escrow by the Board will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

## YIELD ON THE REFUNDING BONDS

We verified the mathematical accuracy of the accompanying computations of the yield on the Refunding Bonds as of October 6, 2015. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the payments to be made on the Refunding Bonds to an amount equal to the target purchase price of the Refunding Bonds. The computations were made using a 360-day year with interest compounded semi-annually and treated $1,578,487.85 as the original issue premium (which results in a target purchase price of $30,698,487.85).

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibits C and C-1, which indicate that the yield on the Refunding Bonds is 1.50696%, are mathematically correct.

## YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED WITH REFUNDING BOND PROCEEDS

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased with Refunding Bond proceeds based on an assumed settlement date of October 6, 2015 and a purchase price of $30,414,142.11. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit D, which indicate that the yield on the escrowed securities purchased with Refunding Bond proceeds is 0.34110% (which is less than the yield on the Refunding Bonds), are mathematically correct.

## USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the Refunding Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in the Official Statement for the Refunding Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the report in the purchase contract or in any closing documents pertaining to the issuance of the Refunding Bonds, (iii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iv) the report may be included in the transcripts pertaining to the issuance of the Refunding Bonds, (v) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Refunded Bonds and the Refunding Bonds, (vi) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the Refunding Bonds, and (vii) the report may be relied upon by the Escrow Agent for the Refunded Bonds.

* * * * * * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

Causey Dungo & Moore P.C.

EXHIBIT A

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## ESCROW ACCOUNT CASH FLOW AS OF OCTOBER 6, 2015

| Date | Cash Receipts From U.S. Treasury Securities (Exhibit A-1) | Cash Disbursements From Escrow (Exhibit B) | Cash Balance |
|---|---|---|---|
| Beginning Balance: | | | $500.00 |
| 08-Oct-15 | $550,000.00 | | 550,500.00 |
| 31-Oct-15 | 55,893.75 | | 606,393.75 |
| 01-Nov-15 | | $606,143.75 | 250.00 |
| 30-Apr-16 | 29,865,893.75 | | 29,866,143.75 |
| 01-May-16 | | 29,866,143.75 | 0.00 |
| | $30,471,787.50 | $30,472,287.50 | |

EXHIBIT A-1

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## CASH RECEIPTS FROM THE ESCROWED SECURITIES AS OF OCTOBER 6, 2015

| Payment Date | $550,000.00 0.000% T-Bill 08-Oct-15 | $29,810,000.00 0.375% T-Note 30-Apr-16 | Total Cash Receipts |
|---|---|---|---|
| 08-Oct-15 | $550,000.00 | | $550,000.00 |
| 31-Oct-15 | | $55,893.75 | 55,893.75 |
| 30-Apr-16 | | 29,865,893.75 | 29,865,893.75 |
| | $550,000.00 | $29,921,787.50 | $30,471,787.50 |

EXHIBIT A-2

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

DESCRIPTION OF THE ESCROWED SECURITIES
AS OF OCTOBER 6, 2015

| Type | Settlement Date | Maturity Date | Par Amount | Coupon Rate | Price | Cost | Accrued Interest | Total Purchase Price |
|---|---|---|---|---|---|---|---|---|
| T-Bill | 06-Oct-15 | 08-Oct-15 | $550,000.00 | 0.000% | 100.00000000% | $550,000.00 | | $550,000.00 |
| T-Note | 06-Oct-15 | 30-Apr-16 | 29,810,000.00 | 0.375% | 100.01959953% | 29,815,842.62 | $48,299.49 | 29,864,142.11 |
| | | | $30,360,000.00 | | | $30,365,842.62 | $48,299.49 | $30,414,142.11 |

EXHIBIT B

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## ESCROW ACCOUNT DISBURSEMENT REQUIREMENTS FOR THE REFUNDED BONDS AS OF OCTOBER 6, 2015

| Payment Date | Rate | Payment For Maturing Principal | Payment For Principal Redeemed | Interest | Total |
|---|---|---|---|---|---|
| 01-Nov-15 | | | | $606,143.75 | $606,143.75 |
| 01-May-16 | Various | $4,330,000.00 | $24,930,000.00 | 606,143.75 | 29,866,143.75 |
| | | $4,330,000.00 | $24,930,000.00 | $1,212,287.50 | $30,472,287.50 |

EXHIBIT B-1

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY AS OF OCTOBER 6, 2015

(FOR INFORMATIONAL PURPOSES ONLY)

| Payment Date | Rate | Payment For | | Total Debt Payment |
|---|---|---|---|---|
| | | Principal | Interest | |
| 01-Nov-15 | | | $606,143.75 | $606,143.75 |
| 01-May-16 | 5.000% | $4,330,000.00 | 606,143.75 | 4,936,143.75 |
| 01-Nov-16 | | | 497,893.75 | 497,893.75 |
| 01-May-17 | 5.000% | 4,535,000.00 | 497,893.75 | 5,032,893.75 |
| 01-Nov-17 | | | 384,518.75 | 384,518.75 |
| 01-May-18 | 5.000% | 4,750,000.00 | 384,518.75 | 5,134,518.75 |
| 01-Nov-18 | | | 265,768.75 | 265,768.75 |
| 01-May-19 | 4.250% | 4,975,000.00 | 265,768.75 | 5,240,768.75 |
| 01-Nov-19 | | | 160,050.00 | 160,050.00 |
| 01-May-20 | 3.000% | 5,210,000.00 | 160,050.00 | 5,370,050.00 |
| 01-Nov-20 | | | 81,900.00 | 81,900.00 |
| 01-May-21 | 3.000% | 5,460,000.00 | 81,900.00 | 5,541,900.00 |
| | | $29,260,000.00 | $3,992,550.00 | $33,252,550.00 |

**EXHIBIT C**

**THE BOARD OF EDUCATION OF THE**
**COUNTY OF CABELL (WEST VIRGINIA)**
**PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015**

**YIELD ON THE REFUNDING BONDS**
**AS OF OCTOBER 6, 2015**

| Payment Date | Total Debt Payment (Exhibit C-1) | Present Value at October 6, 2015 Using a Semi-Annually Compounded Yield of 1.50696% |
|---|---|---|
| 01-May-16 | $5,497,469.44 | $5,450,670.89 |
| 01-Nov-16 | 451,775.00 | 444,579.32 |
| 01-May-17 | 4,871,775.00 | 4,758,326.17 |
| 01-Nov-17 | 341,275.00 | 330,834.95 |
| 01-May-18 | 4,981,275.00 | 4,792,778.46 |
| 01-Nov-18 | 225,275.00 | 215,129.40 |
| 01-May-19 | 5,100,275.00 | 4,834,151.75 |
| 01-Nov-19 | 103,400.00 | 97,271.84 |
| 01-May-20 | 5,223,400.00 | 4,877,079.34 |
| 01-Nov-20 | 52,200.00 | 48,374.55 |
| 01-May-21 | 5,272,200.00 | 4,849,291.18 |
| | $32,120,319.44 | $30,698,487.85 |

Dated Date: 06-Oct-15
Delivery Date: 06-Oct-15

The above aggregate present value of the future payments equals the following:

| | |
|---|---|
| Par Value of the Issue | $29,120,000.00 |
| Original Issue Premium | 1,578,487.85 |
| Proceeds on Delivery Date | $30,698,487.85 |

EXHIBIT C-1

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## REFUNDING BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION AS OF OCTOBER 6, 2015

| Payment Date | Rate | Payment For Principal | Payment For Interest | Total Debt Payment | Reoffering Price | Original Issue Premium/ (Discount) | Total Production |
|---|---|---|---|---|---|---|---|
| 01-May-16 | 5.000% | $4,845,000.00 | $652,469.44 | $5,497,469.44 | 102.607% | $126,309.15 | $4,971,309.15 |
| 01-Nov-16 | | | 451,775.00 | 451,775.00 | | | |
| 01-May-17 | 5.000% | 4,420,000.00 | 451,775.00 | 4,871,775.00 | 106.601% | 291,764.20 | 4,711,764.20 |
| 01-Nov-17 | | | 341,275.00 | 341,275.00 | | | |
| 01-May-18 | 5.000% | 4,640,000.00 | 341,275.00 | 4,981,275.00 | 109.879% | 458,385.60 | 5,098,385.60 |
| 01-Nov-18 | | | 225,275.00 | 225,275.00 | | | |
| 01-May-19 | 5.000% | 4,875,000.00 | 225,275.00 | 5,100,275.00 | 112.490% | 608,887.50 | 5,483,887.50 |
| 01-Nov-19 | | | 103,400.00 | 103,400.00 | | | |
| 01-May-20 | 2.000% | 5,120,000.00 | 103,400.00 | 5,223,400.00 | 101.445% | 73,984.00 | 5,193,984.00 |
| 01-Nov-20 | | | 52,200.00 | 52,200.00 | | | |
| 01-May-21 | 2.000% | 5,220,000.00 | 52,200.00 | 5,272,200.00 | 100.367% | 19,157.40 | 5,239,157.40 |
| | | $29,120,000.00 | $3,000,319.44 | $32,120,319.44 | | $1,578,487.85 | $30,698,487.85 |

EXHIBIT D

THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL (WEST VIRGINIA)
PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

YIELD ON THE ESCROWED SECURITIES
AS OF OCTOBER 6, 2015

| Date | Total Cash Receipts From U.S. Treasury Securities (Exhibit A) | Present Value at October 6, 2015 Using a Semi-Annually Compounded Yield of 0.34110% |
|---|---|---|
| 08-Oct-15 | $550,000.00 | $549,989.59 |
| 31-Oct-15 | 55,893.75 | 55,880.52 |
| 30-Apr-16 | 29,865,893.75 | 29,808,272.00 |
| | $30,471,787.50 | $30,414,142.11 |

Total Purchase Price of Securities $30,414,142.11

EXHIBIT E

# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA) PUBLIC SCHOOL REFUNDING BONDS, SERIES 2015

## ESTIMATED SOURCES AND USES OF FUNDS AS OF OCTOBER 6, 2015

| | |
|---|---|
| Sources of Funds: | |
| Par Value of Bonds | $29,120,000.00 |
| Original Issue Premium | 1,578,487.85 |
| Total Sources of Funds | $30,698,487.85 |
| | |
| Uses of Funds: | |
| Beginning Escrow Account Cash Balance | $500.00 |
| Cost of the Escrowed Securities | 30,414,142.11 |
| Underwriter's Discount | 175,600.00 |
| Issuance Costs | 108,245.74 |
| Total Uses of Funds | $30,698,487.85 |

**$29,120,000**
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

**BOND PURCHASE AGREEMENT**

September 17, 2015

Cabell County Board of Education
2850 5th Avenue
Huntington, WV 25702

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with The Board of Education of the County of Cabell, West Virginia (the "Issuer") for the purchase by the Underwriter and the sale by the Issuer of its above-referenced Bonds (the "Bonds"). This offer is made subject to acceptance thereof by the Issuer prior to 5:00 p.m., prevailing time in New York, New York, on the date hereof (the "Acceptance Deadline"), and upon such acceptance, evidenced by the signature of a duly authorized officer of the Issuer, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriter.

1. Defined Terms. Terms used herein and not otherwise defined shall have the meanings set forth in the Resolution.

*Acceptance Deadline*: The date set forth in first paragraph, being the date and time by which the Issuer must accept this Agreement.

*Accountants*: The Fyffe Jones Group, ACC, who has conducted and prepared the audited financial statements of the Issuer included in the Preliminary Official Statement and the Official Statement.

*Act*: Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended.

*Agreement*: This Bond Purchase Agreement dated the Effective Date, including **Schedule I** attached hereto.

*Bond Act:* Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended.

*Bond Counsel*: Steptoe & Johnson PLLC, Charleston, West Virginia.

*Closing Date*: October 6, 2015, being the date of the issuance and delivery of the Securities.

*Continuing Disclosure Agreement*: The Continuing Disclosure Agreement, dated as of the Closing Date, by and between the Issuer and United Bank, Inc., as disclosure agent, with respect to the Securities in accordance with Rule 15c2-12.

*Creditors' Rights Laws*: Limitations on enforceability as may result from bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution.

*DTC*: The Depository Trust Company.

*Effective Date and Time* The date and time upon which the Authority has accepted this Agreement as set forth on the signature page is the date and time on which this Agreement is effective.

*End of the Underwriting Period*: The later of (i) the Closing Date or (ii) when the Underwriter no longer retains an unsold balance of the Securities.

*Escrow Agent:* The Escrow Agent for the Prior Bonds pursuant to the Escrow Agreement, which shall be The West Virginia Municipal Bond Commission, Charleston, West Virginia.

*Escrow Agreement:* The Escrow Agreement for the Prior Bonds, dated on or about October 6, 2015, by the between the Issuer and the Escrow Agent.

*Escrow Fund:* The Escrow Fund for the Prior Bonds which is established with the Escrow Agent pursuant to the Escrow Agreement.

*Exchange Act*: The Securities Exchange Act of 1934, as amended.

*Excluded Sections*: For purposes of the representations and warranties of the Issuer set forth in Section 8(k) the "Excluded Sections" of the Preliminary Official Statement and the Official Statement shall be: (i) the section describing DTC and its book-entry-only procedures, (ii) the section captioned "Tax Matters", (iii) the section captioned "Verification Agent", (iv) the section captioned "Underwriting", (v) the material included in Appendix C captioned "Proposed Form of Legal Opinion", (viii) the material included in Appendix D captioned "Book Entry Only System".

*Issuer*: The Board of Education of the County of Cabell, West Virginia.

*Issuer Documents*: All financing documents to which the Issuer is a party relating to the issuance of and security for the Securities, as such documents are amended and supplemented to the Closing Date, including, but not limited to:

(i) this Agreement,
(ii) the Resolution,

(iii) the Continuing Disclosure Agreement,
(iv) the Escrow Agreement,
(v) the Tax and Non-Arbitrage Certificate of the Issuer and
(vi) other applicable financing or operative documents to which the Issuer is a party, as such documents are amended and supplemented to the Closing Date.

*Issuer's Counsel*: Steptoe & Johnson PLLC, West Virginia.

*MSRB*: Municipal Securities Rulemaking Board.

*Municipal Advisor*: The term as defined in §15B(e)(4) of the Exchange Act and the rules and regulations of the SEC and MSRB adopted thereunder.

*Official Statement*: Official Statement dated September 17, 2015, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

*Paying Agent*: The West Virginia Municipal Bond Commission which is acting as paying agent for the Securities.

*Preliminary Official Statement*: Preliminary Official Statement dated September 9, 2015 relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

*Prior Bonds*: The Issuer's Public School Bonds, Series 2006, dated June 6, 2006, issued in the original aggregate principal amount of $60,455,000.

*Primary Offering Disclosure Period*: The period commencing with the first submission to an Underwriter of an order for the purchase of the Securities or the purchase of such Securities from the Issuer, whichever first occurs, and ending 25 days after the final delivery by the Issuer or its agent of all Securities to or through the underwriting syndicate.

*Purchase Price*: The amount specified in Section 4 as the Purchase Price to be paid by the Underwriter at the Closing for the purchase of the Securities on the Closing Date.

*Registrar*: United Bank, Inc., Wheeling, West Virginia, which has been appointed as Registrar for the Securities pursuant to the Resolution.

*Rule 15c2-12*: Rule 15c2-12 promulgated by the SEC under the Exchange Act (17 CFR § 240.15c2-12).

*Resolution:* The Resolution and Order adopted by the Issuer, dated May 5, 2015.

*SEC*: Securities and Exchange Commission of the United States.

*Securities*: The Bonds identified in the first paragraph of this Agreement, as more specifically described in **Schedule I**.

*Securities Act*: The Securities Act of 1933, as amended.

*State*: West Virginia.

*Trust Indenture Act*: Trust Indenture Act of 1939, as amended.

*Underwriter*: The firm identified as such in the first paragraph of this Agreement.

*Underwriter's Counsel*: White Law Offices, PLLC, Charleston, West Virginia.

2. Offer to Purchase the Securities; Execution of Terms and Acceptance. Upon the terms and conditions and upon the basis of the representations and warranties herein set forth, the Underwriter hereby offers to purchase from the Issuer all (but not less than all) of the Securities, as more particularly described in **Schedule I**. This offer is subject to acceptance by the Issuer by the Acceptance Deadline and, if not so accepted, will be subject to withdrawal by the Underwriter by written notice delivered to the Issuer at any time prior to acceptance. The Issuer shall accept this Agreement by its execution hereof. Upon such execution, the Agreement will be binding upon the Underwriter and the Issuer. This Agreement is effective as of the Effective Date and Time.

3. Purchase of the Securities. The Underwriter shall purchase from the Issuer, and the Issuer shall sell to the Underwriter, all (but not less than all) of the Securities on the Closing Date at the aggregate Purchase Price set forth below, plus accrued interest, if any. The Securities shall bear interest at the rates per annum, mature on the dates, be sold to the public at the prices and be subject to mandatory sinking fund redemption prior to maturity and to such other terms and provisions, all as set forth in **Schedule I**. The Securities otherwise shall be as described in the Official Statement, the Resolution and the Issuer Documents. The Underwriter's agreement to purchase the Securities from the Issuer shall be the joint and several obligation of the Underwriter and is made in reliance upon the Issuer's representations, covenants and warranties and on the terms and conditions set forth in this Agreement.

The Issuer acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and the Underwriter, (ii) the Underwriter has financial and other interests that differ from those of the Issuer, (iii) the Underwriter is not acting as a Municipal Advisor, financial advisor or fiduciary to the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters), (iv) the only obligations of the Underwriter to the Issuer with respect to the transaction contemplated hereby are expressly as set forth in this Agreement and (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

4. Purchase Price. The Purchase Price of the Securities is $30,522,887.85 (representing the principal amount of the Securities of $29,120,000, less an Underwriter's discount of $175,600.00, and plus an original issue premium of $1,578,487.85). The Purchase Price (less the cost of issuance which is payable to the Cost of Issuance Account to be held by the Issuer) shall be payable on the Closing Date by the Underwriter by wire transfer in immediately available funds to the order of Branch Banking and Trust Company, as Depository Bank (the "Depository Bank"), for the account of the West Virginia Municipal Bond Commission, as Escrow Agent. In accordance with Section 18 of this AgreementError! Reference source not found., the Underwriter also will be reimbursed for those out of pocket expenses described therein.

5. Public Offering. The Underwriter agrees to make a bona fide initial public offering of all the Securities in compliance with federal and state securities laws, at a price not in excess of the initial offering price set forth in the Official Statement. The Underwriter may change the initial offering price or prices as they deem necessary in connection with the offering of the Securities without any requirement of prior notice, and may offer and sell the Securities to certain institutions at prices lower than those stated in the Official Statement. Upon the request of Bond Counsel, the Underwriter shall execute and deliver prior to the Closing an issue price certificate or similar certificate in form and substance reasonably satisfactory to Bond Counsel and the Underwriter.

6. Good Faith Deposit. No Good Faith Deposit will be delivered.

7. Official Statement.

(a) The Issuer hereby consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Securities by the Underwriter, and further confirms the authority of the Underwriter to use, and consents to the use of, the final Official Statement with respect to the Securities in connection with the public offering and sale of the Securities. The Issuer hereby represents and warrants that the Preliminary Official Statement previously furnished to the Underwriters was "deemed final" by the Issuer as of its date for purposes of Rule 15c2-12, except for permitted omissions.

(b) The Issuer hereby consents to and ratifies the use and distribution by the Underwriter of the Official Statement in connection with the public offering and sale of the Securities by the Underwriter.

(c) The Issuer, at its cost, shall provide, or cause to be provided, to the Underwriter within seven business days after the date of this Agreement (or within such shorter period as may be approved by the Underwriter or required by applicable rule) such number of copies of a final Official Statement as reasonably requested by the Underwriter, but in sufficient quantity to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12, and Rule G-32 and any other applicable rules of

the SEC and the MSRB.

(d) The Issuer authorizes the Underwriter to file, to the extent required by any applicable SEC or MSRB rule, and the Underwriter agrees to so file, the Official Statement with the MSRB or its designee. If an amended Official Statement is prepared during the "primary offering disclosure period," and if required by any applicable SEC or MSRB rule, the Underwriter also shall make the required filings of the amended Official Statement. The Issuer shall provide the Underwriter with the information necessary to complete MSRB Form G-32 for all filings to be made under this Section 7.

(e) The Preliminary Official Statement and the Official Statement may be delivered in printed and a "designated electronic format" as defined in the MSRB's Rule G-32 and as may be agreed by the Issuer and the Underwriter. If the Official Statement has been prepared in electronic form, the Issuer hereby confirms that it does not object to distribution of the Official Statement in electronic form.

(f) The Issuer shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter. The Issuer covenants to notify the Underwriter promptly if, on or prior to the 25th day after the End of the Underwriting Period, (or such other period as may be agreed to by the Issuer and the Underwriter) any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to 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 if in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or amendment to the Official Statement, to prepare and furnish to the Underwriter, at the Issuer's expense, such number of copies of the supplement or amendment to the Official Statement, in (i) a "designated electronic format" consistent with the requirements of the MSRB's Rule G-32 and (ii) a printed format in form and substance mutually agreed upon by the Issuer and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing Date, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

8. Representations and Warranties of Issuer. The Issuer hereby agrees with, and makes the following representations and warranties to, the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Issuer is duly created and existing under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the Act, to adopt the Resolution, to execute and deliver the Issuer Documents and the Official Statement, to issue, sell and deliver the Securities as

provided herein, and to carry out and to consummate the transactions contemplated by the Resolution, the Issuer Documents and the Official Statement.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (A) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriter in connection with the public offering of the Securities, (B) the issuance and sale of the Securities upon the terms set forth herein and as contemplated by the Resolution, the Issuer Documents and the Official Statement and (C) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Securities, the Resolution and the Issuer Documents.

(c) The Securities will be issued in conformity with and shall be entitled to the benefit and security of the Resolution and the Issuer Documents. When delivered to and paid for by the Underwriter in accordance with the terms of this Agreement, the Securities will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding general obligations of the Issuer payable from the ad valorem taxes levied upon all taxable property within the Cabell County School District (the "District") and moneys pledged therefor under the Resolution and will be entitled to the benefit of the Resolution.

(d) This Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms; and the Securities, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriter as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases, except as the enforceability of this Agreement, the other Issuer Documents and the Securities may be limited by application of Creditors' Rights Laws.

(e) The Issuer is not in breach of or default in any material respect under (if applicable) its enabling legislation or under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing.

(f) The Issuer shall on or before the Closing have entered into the Escrow Agreement pursuant to which the Escrow Fund shall be created. The Escrow Fund is to be held by the Escrow Agent in trust to advance refund the Prior Bonds. The Issuer shall

establish a Costs of Issuance Account with the Registrar from which costs of issuance of the Bonds shall be paid.

(g) The Escrow Fund is to be invested as described in the Escrow Agreement. The cash deposited in the Escrow Fund, and the income to be derived from the investment thereof shall be sufficient to refund the Prior Bonds and the liens of the resolution authorizing such bonds, all in accordance with the provisions of the Act;

(h) All financial statements of the Issuer included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the Issuer as of the respective dates and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the Issuer or any material adverse change in the general affairs, management, financial position, or results of the Issuer and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the Issuer, except as reflected in or contemplated by the Official Statement.

(i) The adoption, execution and delivery of the Securities, Resolution and the Issuer Documents, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the assets of the Issuer, except as provided by the Securities, the Resolution and the Issuer Documents.

(j) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Securities or the due performance by the Issuer of its obligations under the Resolution, the Issuer Documents and the Securities have been duly obtained or will be obtained prior to the Closing, except that the Issuer makes no representations with respect to (A) such authorizations, approvals, consents and orders, if any, as may be required under federal or state securities laws of any jurisdiction in connection with the offering and sale of the Securities and (B) authorizations, approvals, consents and orders that are required to be obtained or renewed periodically, such as budgets, licenses and permits.

(k) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not, and as of the Closing Date will not, contain any 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 under which they were made, not misleading; provided that, the Issuer makes no statement as to the Excluded Sections of the Preliminary Official Statement or the Official Statement.

(l) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (A) affecting the existence of the Issuer or the titles of its officers to their respective offices, (B) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the taxation of property in the District for the repayment of the Securities or the making of any other required deposits with respect to the Securities, (C) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Securities, the Resolution or the Issuer Documents, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (E) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to impose taxes upon real and personal property in the District for the repayment of the Securities or (F) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Official Statement.

(m) The Issuer has received all licenses, permits or other regulatory approvals required, if any, for the imposition of real and personal property taxes upon property situate in the District and the Issuer is not in material default, and no event has occurred which would constitute or result in a material default, under any such licenses, permits or approvals.

(n) The Issuer has entered or will enter into the Continuing Disclosure Agreement and, unless otherwise described in the Official Statement or set forth below, the Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(o) The Resolution, the Issuer Documents and the Securities conform to the description thereof contained in the Official Statement.

The Issuer has the legal authority to apply proceeds of the Securities for the purposes contemplated by the Resolution and the Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Securities to the extent required by this Agreement and in compliance with applicable law.

9. Covenants of the Issuer. The Issuer hereby covenants with the Underwriter that:

(a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the assets, properties, funds or interests of the Issuer.

(b) The Issuer shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without prior written notice to the Underwriter.

(c) The Issuer shall promptly advise the Underwriter by written notice of any matter arising or discovered after the date of this Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact regarding the Issuer contained in the Official Statement; or any developments that affect the accuracy and completeness of the key representations (within the meaning of Rule 15c2-12) regarding the Issuer contained in the Official Statement.

(d) The Issuer will undertake, pursuant to the Continuing Disclosure Agreement, to provide annual reports and notices of certain events in compliance with Rule 15c2-12. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(e) The Issuer shall cooperate with the Underwriter in the qualification of the Securities for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Underwriter may request; provided that the Issuer shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consents to service of process under the laws of any jurisdiction.

(f) Unless the Securities are being issued as taxable Securities, the Issuer shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable state tax, of the interest on the Securities.

10. Representations and Warranties of the Underwriter. The Underwriter hereby agrees with, and makes the following representations and warranties to, the Issuer, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Underwriter is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and authorized to do business in the State.

(b) This Agreement has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its

terms, except as the enforceability of this Agreement may be limited by application of Creditors' Rights Laws.

(c) The Underwriter represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

11. Third-Party Credit Enhancement or Support. No third-party credit enhancement or support facility will be provided with respect to the Securities.

12. Ratings. On the Closing Date, the Securities shall be rated "AA" by Standard & Poor's based upon the participation of the Issuer in the West Virginia Municipal Bond Program.

13. Closing.

(a) The delivery of and payment for the Securities shall be the "Closing" for the Securities and shall occur at or prior to 1:00 p.m., New York City time, on the Closing Date, or at such other time or on such other date as may be mutually agreed by the Underwriters and the Issuer.

(b) The Issuer and the Underwriter agree that there shall be a preliminary closing held at the offices of Bond Counsel in Charleston, West Virginia, prior to the Closing Date, or at such other time or place as the Issuer and the Underwriter shall agree.

(c) At the Closing, the Issuer shall deliver or cause to be delivered the Securities to the Registrar as DTC's FAST closing agent on behalf of the Underwriter, as further described in paragraph (d)~~(e)~~ below. The Securities shall be delivered in definitive form, duly executed by the President and Secretary of the Issuer and authenticated by the Registrar, together with the other documents identified in Section 14. Subject to satisfaction of the conditions contained in this Agreement, the Underwriter will accept delivery of the Securities as described above and pay the Purchase Price, plus accrued interest, if any, on the Securities from their dated date to, but not including, the Closing Date, in immediately available funds, payable to the order of the Depository Bank or as otherwise directed by the Issuer.

(d) Delivery of the definitive Securities shall be made to the Registrar as DTC's FAST agent with respect to DTC's book-entry-only system in New York, New York, or at such other location as may be designated by the Underwriter prior to the Closing. The Securities will be delivered as fully-registered bonds, bearing CUSIP numbers, with a single bond for each maturity of each series of the Securities (or, if so provided in **Schedule I**, for each separate interest rate within a maturity), and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Securities. Unless otherwise requested by the Underwriter, the Securities will be delivered under DTC's FAST delivery system.

(e) After execution by the Issuer and authentication by the Registrar, the Bonds shall be held in safe custody by the Registrar or any authorized agent for the Registrar. The Registrar shall release or authorize the release of the Bonds from safe custody at the Closing upon receipt of payment for the Bonds by the Escrow Agent as aforesaid.

14. Closing Conditions. The obligations of the Underwriter hereunder shall also be subject to the following additional conditions:

(a) At and as of the Closing Date, (i) the Official Statement, this Agreement and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Securities shall be deposited and applied as described in the Official Statement, and (iii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions or orders as, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Securities by the Registrar as DTC's FAST closing agent, which shall have been executed and delivered by the Issuer and authenticated by the Registrar, and receipt of executed copies of the Issuer Documents by the Underwriter at or prior to the Closing.

(c) On or prior to the Closing Date, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the Issuer:

(i) The unqualified approving opinions, dated as of the Closing Date, of Bond Counsel, in the form attached as Appendix C to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit A;

(ii) The opinion of Issuer's Counsel, dated as of the Closing Date and addressed to the Underwriter and the Issuer, substantially in the form attached hereto as Exhibit B;

(iii) The opinion of Underwriter's Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit C;

(iv) A certificate of the Escrow Agent dated as of the Closing Date, to the effect that (A) the Escrow Agent has the authority to act as Escrow Agent and for and in connection with the Prior Bonds and has requisite powers to carry out its duties under the Escrow Agreement; and (B) the Escrow Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the Issuer and Paying Agent, the Escrow Agreement constitutes a valid and

legally binding obligation of the Escrow Agent, enforceable in accordance with its terms;

(v) A certificate of the Issuer executed and delivered by the President, the Superintendent or any other duly authorized officer, satisfactory to the Underwriter, dated as of the Closing, to the effect that: (A) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained herein are true as of Closing, (B) it has authorized, by all necessary action the execution, delivery, receipt and due performance of the Securities, the Continuing Disclosure Agreement, the Resolution, the Escrow Agreement and all other Issuer Documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (C) to the Issuer's knowledge, no litigation is pending or threatened, to restrain or enjoin the issuance or sale of the Securities or in any way affecting any authority for or the validity of the Securities or the Resolution, (D) the execution, delivery, receipt and due performance of the Securities, the Issuer Documents and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on the part of the Issuer a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which it may be bound, (E) to the best of such officer's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement to make the statements and information therein not misleading in any material respect for the purposes for which it is to be used and (F) the Issuer is obligated by such Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5), excepting only such matters as may be described in the Continuing Disclosure section of the Official Statement;

(vi) Verification of the arbitrage yield for the Securities and the sufficiency of the Escrow Fund obtained by refunding the Prior Bonds from Causey Demgen & Moore P.C., independent Certified Public Accountants;

(vii) Copies of this Agreement and the Escrow Agreement executed by the parties thereto;

(viii) Executed copies of the Continuing Disclosure Agreement, in form and substance satisfactory to the Underwriter and Underwriter's Counsel;

(ix) The Resolution, certified by the Secretary under the seal of the Issuer, as having been duly adopted by the Issuer and as being in full force and effect,

with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(x) Evidence of an "AA" rating from Standard & Poor's;

(xi) The executed opinion of Bond Counsel addressed to the Underwriter, or if such opinion shall not be addressed to the Underwriter, a reliance opinion from Bond Counsel providing that the Underwriter may rely on the Bond Counsel Opinion;

(xii) An executed copy of Internal Revenue Service Form 8038-G;

(xiii) Evidence that the Prior Bonds have either been paid in full or defeased, including a defeasance opinion of Bond Counsel (which opinion may be contained in the Bond Counsel Opinion) and a defeasance certificate from the Escrow Agent;

(xiv) Evidence that the Issuer has adopted a formal post issuance policy sufficient to allow the Issuer to check boxes 43 and 44 on Form 8038-G; and

(xv) Such additional legal opinions, certificates, proceedings, instruments and other documents as Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the respective representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Securities shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided herein, shall continue in full force and effect.

15. Issue Price Certificate. The Underwriter shall execute and deliver on the Closing Date an issue price or similar certificate in form and substance reasonably satisfactory to the Issuer, Bond Counsel and the Underwriter.

16. Report of Verification Agent. The Issuer will deliver the report of a Verification Agent on or prior to the Closing Date which verifies the sufficiency of the deposit into the Escrow Fund under the Escrow Agreement in order to advance refund the Prior Bonds.

17. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Securities and to terminate this Agreement by written notice to the Issuer if, between the Effective Date to and including the Closing Date, in the Underwriter's sole and

reasonable judgment any of the following events shall occur (each a "Termination Event"):

(a) the market price or marketability of the Securities, or the ability of the Underwriter to enforce contracts for the sale of the Securities, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Securities, provided that this paragraph (a) (i) shall not apply if the Securities are being issued as taxable Securities; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, the Resolution or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or

(vi) any rating on securities of the Issuer shall have been downgraded or placed on negative watch; or

(vii) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Securities or the ability of the Underwriters to enforce contracts for the sale of the Securities; or

(viii) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(ix) a material disruption in securities settlement, payment or clearance services affecting the Securities shall have occurred; or

(x) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, Underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(xi) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 18 of this Agreement.

18. Payment of Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay from available funds or direct the Registrar under the Resolution and the Issuer Documents to pay from the proceeds of the Securities (to the extent permitted under applicable law) or from other funds of the Issuer (to the extent permitted by applicable law), all expenses that are incidental to the performance of the Issuer's obligations under this Agreement, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; all expenses in connection with the printing, issuance and delivery of the Securities; the fees and expenses of Bond Counsel, Issuer's Counsel, and Underwriter's Counsel; registrar and dissemination agent, expenses of obtaining CUSIPs, any verification consultant and all other consultants; the fees and disbursements of any Paying Agent and any escrow agent, and their respective counsel; all expenses in connection with obtaining a rating or ratings for the Securities; all expenses of the Issuer in connection with the preparation, printing, execution and delivery, and any recording or filing, of the Resolution, any Issuer Document or any other instrument; the Issuer's administrative fees; and all other expenses and costs of the Issuer incident to its obligations in connection with the authorization, issuance, sale and distribution of the Securities. Unless the Issuer and the Underwriter otherwise agree, the Issuer shall pay for all incidental costs (including, but not limited to, transportation, lodging, meals and entertainment of Issuer personnel) incurred by or on behalf of the Issuer in connection with the marketing, issuance and delivery of the Securities.

(b) The Underwriter shall pay the costs of qualifying the Securities for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Securities and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Securities.

19. Blue Sky Qualification. The Issuer agrees to cooperate with the Underwriter and its counsel in any endeavor to qualify the Securities for offering and sale under securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request. The Issuer consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriter in obtaining such qualification. The Issuer shall not be required to register in any jurisdiction.

20. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by certified mail or by delivering the same in writing to the Issuer at the address set forth above. Any notice or other communication to be given to the Underwriter under this Agreement may be given by certified mail or by delivering the same in writing to the Underwriter at the following address:

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

Attn: Manager of West Virginia Public Finance

Such notice addresses may be changed by providing notice to the other party pursuant to the means above described.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia. To the extent allowed by law, each of the parties hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim arising out of this Agreement or the transactions contemplated hereby. The Underwriter acknowledges that the Issuer cannot subject itself to the jurisdiction of courts other than courts in West Virginia.

22. Miscellaneous. This Agreement is made solely for the benefit of the signatories hereto (including the Underwriter and its successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. Neither the Issuer nor the Underwriter may assign this Agreement. The term "successor" shall not include any holder of any Securities merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this 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 Securities and any termination of this Agreement. Section headings have been included in this Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Agreement. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

23. Counterparts. This Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

24. Signatures. Upon execution by the Issuer and the Underwriter, this Agreement shall be binding upon the Issuer and the Underwriter as of the Effective Date and Time.

[Remainder of Page Intentionally Blank]

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Name:
Title: Senior Vice President

ACCEPTED:

ISSUER:

BOARD OF EDUCATION OF THE COUNTY
OF CABELL

By: William A. Smith
Name: William A. Smith
Title: Superintendent

ACCEPTANCE DATE AND TIME:
September 17, 2015 at 12:57 P.m.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Name:
Title: Senior Vice President

ACCEPTED:

ISSUER:

BOARD OF EDUCATION OF THE COUNTY
OF CABELL

By: _____
Name:
Title:

ACCEPTANCE DATE AND TIME:
September 17, 2015 at _____ p.m.

## SCHEDULE I

## BOND PRICING

**$29,120,000**
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

| Maturity Date | CUSIP # | Par Amount | Coupon | Yield | Price | Premium (-Discount) |
|---|---|---|---|---|---|---|
| 5/1/2016 | 12681CCR3 | 4,845,000 | 5.00% | 0.41% | 102.607 | 126,309.15 |
| 5/1/2017 | 12681CCS1 | 4,420,000 | 5.00% | 0.76% | 106.601 | 291,764.20 |
| 5/1/2018 | 12681CCT9 | 4,640,000 | 5.00% | 1.09% | 109.879 | 458,385.60 |
| 5/1/2019 | 12681CCU6 | 4,875,000 | 5.00% | 1.40% | 112.490 | 608,887.50 |
| 5/1/2020 | 12681CCV4 | 5,120,000 | 2.00% | 1.67% | 101.445 | 73,984.00 |
| 5/1/2021 | 12681CCW2 | 5,220,000 | 2.00% | 1.93% | 100.367 | 19,157.40 |
| | | 29,120,000 | | | | 1,578,487.85 |

Redemption: The Securities are not subject to either optional or mandatory redemption prior to maturity.

**EXHIBIT A**

[SUPPLEMENTAL BOND COUNSEL OPINION OF
STEPTOE & JOHNSON, PLLC]

October 6, 2015

Cabell County Board of Education
2850 5th Avenue
Huntington, WV 25702

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale of the above-referenced bonds (the "Bonds") by The Board of Education of the County of Cabell, West Virginia (the "Issuer"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality and tax-exempt status of the Bonds (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement, the Escrow Agreement 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 September 17, 2015, between the Issuer and Piper Jaffray & Co. (the "Underwriter"). This opinion is being delivered pursuant to Section 14(c)(i) of the Purchase Agreement.

In our examination, we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof.

We are members of the West Virginia State Bar and do not hereby express any opinion as to matters governed by the laws of any jurisdiction other than the laws of the State of West Virginia and the federal laws of the United States of America.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid, binding and enforceable obligation of the Issuer (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 Issuer, 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 Issuer has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Issuer, and the Issuer has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "The Bonds," "Tax Matters," "Legal Matters," "Ratings," and "Appendix C" present fair and accurate summary descriptions of the matters described under such captions. We are not passing upon and do not assume any responsibility for the accuracy (except for the aforesaid summary descriptions), completeness or (except for the aforesaid summary descriptions) fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements, and no inquiry was made of other attorneys in our firm not working directly on the issuance of the Bonds who may have information material to the issue. However, we can and do advise you that, during the course of serving as Bond Counsel in connection with the issuance of the Bonds, no information came to the attention of the attorneys in our firm rendering legal services in connection with such issuance that caused us to believe that (i) the Official Statement as of its date (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to DTC, book entry securities and Appendices A, B and D included therein, as to which no view is expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) the Official Statement as of the date of the Closing (except as aforesaid) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

(6) Based on the foregoing, we are of the opinion that the Prior Bonds have been legally defeased and the covenants, agreements and other obligations of the Issuer to the holders of the Prior Bonds have been discharged and satisfied, and that such refunding will not

adversely affect the excludability of the interest on the Prior Bonds or the Bonds from gross income for federal income taxation.

This opinion is furnished to you solely for the purposes stated herein and may not be used, quoted, or relied upon by any other person or entity or for any other purpose without our prior written consent. This opinion is limited to the matters set forth herein and the law in effect as of the date hereof. We assume no obligation to supplement our opinion with regard to subsequent changes in law, facts or knowledge.

Very truly yours,

Steptoe & Johnson PLLC

**EXHIBIT B**

[FORM OF OPINION OF COUNSEL TO ISSUER]

October 6, 2015

Cabell County Board of Education
2850 5th Avenue
Huntington, WV 25702

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have served as counsel to The Board of Education of the County of Cabell, West Virginia (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 17, 2015 (the "Purchase Agreement"), between Piper Jaffray & Co. (the "Underwriter") and the Issuer. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution and Order adopted by the Issuer, dated May 5, 2015 (the "Resolution"), the Escrow Agreement, dated October 6, 2015 (the "Escrow Agreement"), by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), the Continuing Disclosure Agreement, dated October 6, 2015 (the "Continuing Disclosure Agreement"), by and between the Issuer and United Bank, Inc., as disclosure agent, the Purchase Agreement, the Preliminary Official Statement dated September 9, 2015 and the Final Official Statement dated September 17, 2015, with respect to the issuance and offering of the Bonds (together, the "Official Statement") and a closing certificate of the Issuer (collectively, the "Issuer Documents").

In our examination, we have assumed: (i) the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies; (ii) each document submitted to us by an governmental official or agency is accurate, complete and authentic, and all official public records (including the proper indexing and filing) are accurate and complete; (iii) all relevant records of the Issuer, as well as all copies of correspondence, certificates and financial, business and other documents presented to us for examination, are authentic, accurate

and complete; (iv) the conduct of the parties to this transaction has complied with any and all requirements of good faith, fair dealing and conscionability, and the parties to the Issuer Documents have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred or created as a part of the transaction; and (v) no agreements or understandings exist among the parties, written or oral, that would amend, supplement, or qualify the terms of the Issuer Documents. All assumptions made by us in our opinion have been made with your permission and without any independent investigations to determine the existence or absence of facts, and this opinion is based upon these assumptions.

The opinions expressed herein are subject to the qualifications that enforceability may be subject to the effect of (1) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting creditors' rights, (2) the application of equitable principles, and the exercise of judicial discretion and to public policy if remedies in equity are sought, and (3) limitations on legal remedies against public agencies in the State of West Virginia.

We are members of the West Virginia State Bar and do not hereby express any opinion as to matters governed by the laws of any jurisdiction other than the laws of the State of West Virginia and the federal laws of the United States of America. We do not herein express any opinion on any federal and/or state antitrust or securities laws.

Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Issuer is a validly existing statutory corporation charged with the supervision and control of the Cabell 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 Issuer Documents.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds and the Issuer 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 Issuer Documents; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Issuer 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 meetings of the Issuer which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

6. The execution and delivery of the Issuer Documents by the Issuer 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 our knowledge based solely upon representations of the Issuer, 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 Issuer Documents or as described in the Official Statement.

8. To the best of our knowledge there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Issuer is a party or of which any property of the Issuer is subject, except as described in the Official Statement, which, if determined adversely to the Issuer, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Issuer to comply with its obligations under the Issuer Documents or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Issuer.

9. Based upon our experience as counsel to the Issuer and on our review of the Official Statement, and after inquiry and discussions with representatives of the Issuer, but without having undertaken to verify the same through independent investigation, nothing has come to our attention which would lead us to believe that the statements and information contained in the Official Statement under the captions or subcaptions "Cabell County School District," "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters," "Appendix B" and "Appendix E" contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, it being understood, that in rendering such opinion we express no opinion regarding financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this paragraph.

As to questions of fact material to the opinions that we have expressed herein, we have relied upon the representations contained in or made pursuant to the Issuer Documents upon the certificates of officers of the Issuer and appropriate public officials, and no information has come

to our attention which is inconsistent with such certificates. Except to the extent expressly and specifically set forth herein, we have not undertaken to verify the same by independent investigation to determine the existence or absence of such facts, and no inferences as to our knowledge of the existence or absence of such facts shall be drawn from our representation of the Issuer.

The foregoing is subject, in all respects, to the following qualifications and exceptions:

1. The enforceability of the obligations of the parties under the Issuer Documents described above is subject to and may be limited by applicable bankruptcy, fraudulent transfer, insolvency, rehabilitation, reorganization, dissolution, moratorium and similar laws of general application relating to or affecting the rights of creditors.

2. The enforceability of the obligations of the parties under the Issuer Documents described above is subject to and may be limited by general equitable principles, including, but not limited to, equitable principles limiting specific enforcement of certain remedies.

3. With respect to legal conclusions contained herein, and upon which this opinion has been rendered, such legal conclusions are based solely upon the current laws of the State and federal laws, and do not involve the laws of any jurisdiction other than the State or of the United States.

4. We express no opinion as to the compliance of the documents described above with the securities laws of the United States, any state or other jurisdiction.

This opinion is furnished solely for the purposes stated herein. This opinion may not be used, quoted, or relied upon by any other person or entity or for any other purpose without our prior written consent. This opinion is issued as of the date hereof and we assume no obligation to supplement our opinion with regard to subsequent changes in law, fact or knowledge. This opinion may be relied upon by all counsel to this transaction as if specifically addressed to them.

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

Very truly yours,

Steptoe & Johnson, PLLC

**EXHIBIT C**

**FORM OF UNDERWRITER'S COUNSEL OPINION**

[Letterhead of White Law Offices, PLLC]

October 6, 2015

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel to you, Piper Jaffray & Co. (the "Underwriter"), in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated September 17, 2015 (the "Purchase Agreement") between The Board of Education of the County of Cabell, West Virginia (the "Issuer") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

In connection with rendering this opinion, we have examined the Official Statement dated September 17, 2015, the Purchase Agreement and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and presently in effect (the "Rule").

Based upon the foregoing review, we are of the opinion that the Purchase Agreement has been validly authorized, executed and delivered by the Underwriter and, assuming due authorization, execution and delivery by the Issuer, constitutes a valid and binding agreement, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

It is also our opinion that the Continuing Disclosure Agreement, which provides for an undertaking for the benefit of the holders, including beneficial holders, of the Bonds to provide certain annual financial information and event notices to repositories at the times and in the manner required by the Rule, satisfies as to form in all material respects the requirements of subparagraph (b)(5) of the Rule in effect as of the date hereof and applicable to Continuing Disclosure Agreements.

In addition, we are of the opinion under existing law that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and that the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, to assist you in your investigation concerning the Official Statement, we have reviewed certain documents and have participated in conferences in which the contents of the Official Statement and related matters were discussed. During the course of our work on this matter, no facts have come to the attention of attorneys in our firm rendering legal services in connection with such issuance that cause us to believe that the Official Statement (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this sentence) contains as of the date hereof any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the 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 Bonds.

Very truly yours,

# hp LaserJet 4350 printers

## Job storage status page

**Error:** **Unable to store job at printer**
**Reason:** **Insufficient disk space for this job**

**Solution:** **Delete some files from the disk before resending this job.**

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (this "Agreement") dated as of October 6, 2015, is by and between the Board of Education of the County of Cabell (the "Board") and United Bank, Inc., Charleston, West Virginia, as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Series 2015 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on May 5, 2015, authorizing issuance of the Series 2015 Bonds (the "Resolution"). The Board agrees as follows:

**SECTION 1**. Purpose of Agreement. This Agreement is being executed and delivered by the Board and the Disclosure Agent for the benefit of the holders and beneficial owners of the Series 2015 Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2015 Bonds in Appendix A entitled "Audit Report of Cabell County Board of Education for Fiscal Year Ended June 30, 2014," which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Board's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated September 17, 2015, entered into between Piper Jaffray & Co. (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2015 Bonds from the Board upon the terms set forth therein.

"Disclosure Agent" shall initially mean United Bank, Inc., Charleston, West Virginia, and any later appointed Disclosure Agent or any successor Disclosure Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Disclosure Representative" shall mean the Treasurer of the Board.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2015 Bonds who are required to comply with the Rule in connection with offering of the Series 2015 Bonds.

"Repository" shall mean each National Repository.

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

"Series 2015 Bonds" shall mean the $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015.

**SECTION 3.** Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than one year after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2015 (FY 2015), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

**SECTION 4.** Content of Annual Financial Information and Audited Financial Statements. Within one year of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2015 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other events affecting the tax status of the Series 2015 Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Series 2015 Bond, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Board[1];

13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

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

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

**SECTION 6.** Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2015 Bonds. If such termination occurs prior to the final maturity of the Series 2015 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

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

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board with respect to the Series 2015 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2015 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2015 Bonds.

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

**SECTION 9.** Additional Information. Nothing in this Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

**SECTION 10.** Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2015 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**SECTION 11.** Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

| | |
|---|---|
| To the Board: | The Board of Education of the County of Cabell<br>2850 5th Ave.<br>Huntington, WV 25702 |
| To the Disclosure Agent: | United Bank, Inc., Charleston, West Virginia<br>Trust Department<br>500 Virginia Street<br>Charleston, WV 25301 |

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 12.** Beneficiaries. This Agreement shall inure solely to the benefit of the Board, the Disclosure Agent, the Underwriter and holders and beneficial owners from time to time of the Series 2015 Bonds, and shall create no rights in any other person or entity.

**SECTION 13.** Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 14.** Fees. The Board agrees to pay all fees and expenses of the Disclosure Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Disclosure Agent's duties.

**SECTION 15.** Right to Resign. The Disclosure Agent may resign at any time by providing thirty (30) days' written notice to the Board.

**SECTION 16.** Right to Counsel. The Disclosure Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

**SECTION 17.** Duties of Disclosure Agent. The Disclosure Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Disclosure Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Disclosure Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Disclosure Agent in its individual capacity may be sold or otherwise transferred, shall be the Disclosure Agent under this Agreement without further act. Anything in this Agreement to the contrary notwithstanding, in no event shall the Disclosure Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Disclosure Agent has been advised of such loss or damage and regardless of the form of action. The Board will, for the benefit of the Disclosure Agent and Disclosure Agent's employees, directors, agents, subsidiaries, affiliates, successors and assigns, assume all liability and/or be responsible to pay for any and all claims, demands, causes of action, losses, damages, liabilities, penalties, costs and expenses (including reasonable attorney's fees) relating to this Agreement, to the extent assessed by a court of competent jurisdiction.

**IN WITNESS WHEREOF**, the Board and the Disclosure Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____

United Bank, Inc., Charleston, West Virginia, as Disclosure Agent

By: _____

Its: _____

Date: October 6, 2015

**EXHIBIT A**

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | The Board of Education of the County of Cabell |
| Name of Bond Issue: | $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 |
| Date of Bond Issue: | October 6, 2015 |

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Series 2015 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of October 6, 2015, to be provided. The Board anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

United Bank, Inc., Charleston, West Virginia, as Disclosure Agent
on behalf of the Board

cc: Board

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2015

**NEW ISSUE**
**BOOK-ENTRY ONLY**

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

*In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2015 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, upon the conditions and subject to the limitations set forth under the caption "TAX MATTERS" herein. In the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2014 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX MATTERS" herein.*

Achieve Your Dreams
CABELL COUNTY
SCHOOLS

# $27,800,000*
# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA)
## Public School Refunding Bonds, Series 2015

**Dated: Date of Delivery** **Due: May 1, as shown below**

The Public School Refunding Bonds, Series 2015 (the "Bonds") are being issued by the Board of Education of the County of Cabell, West Virginia (the "Board") pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act') for the purposes of (i) advance refunding and redeeming in full the Board's Public School Bonds, Series 2006, issued in the original principal amount of $60,455,000 and currently outstanding in the aggregate principal amount of $29,260,000 (the "Bonds to be Refunded") and (ii) paying the costs of issuance of the Bonds.

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

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

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

Interest on the Bonds will be payable May 1, 2016 and semiannually thereafter each May 1 and November 1 in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM"

The Bonds are not subject to redemption.

**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS***

| Maturing (May 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP** |
|---|---|---|---|---|
| 2016 | 4,710,000 | | | |
| 2017 | 4,175,000 | | | |
| 2018 | 4,390,000 | | | |
| 2019 | 4,605,000 | | | |
| 2020 | 4,840,000 | | | |
| 2021 | 5,080,000 | | | |

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Steptoe & Johnson PLLC, Huntington, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Steptoe & Johnson PLLC, Huntington, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by White Law Offices, PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about October 6, 2015.

PiperJaffray®

* Preliminary, subject to change.

**$27,800,000***
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

## ELECTED OFFICIALS

Ms. Suzanne McGinnis Oxley, President
Ms. Mary Neely, Vice President
Ms. Karen Nance, Board Member
Mr. Garland "Skip" Parsons, Board Member
Ms. Rhonda Smalley, Board Member

## APPOINTED OFFICIALS

William A. Smith, Superintendent
Mr. Todd Alexander, Assistant Superintendent / Leadership Development
Mrs. James Colegrove, Assistant Superintendent/ Operations
Mr. Jeff Smith Assistant Superintendent/ School Improvement
Conrad G. Lucas, Treasurer

## BOARD'S COUNSEL

Steptoe & Johnson
Huntington, West Virginia

## BOND COUNSEL

Steptoe & Johnson, PLLC
Huntington, West Virginia

## UNDERWRITER

Piper Jaffray & Co.
Charleston, West Virginia

## UNDERWRITER'S COUNSEL

White Law Offices, PLLC
Charleston, West Virginia

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* Preliminary, subject to change.

** CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included on this cover page solely for the convenience of the Owners of the Bonds only at the time of issuance of the Bonds. Neither the Underwriter nor the Board makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

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

The information contained in this Official Statement has been obtained by the Underwriter from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board.

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

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

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

**Forward-Looking Statements**

This Preliminary Official Statement, and particularly the information contained in the caption "CABELL COUNTY SCHOOL DISTRICT" and "CERTAIN FINANCIAL INFORMATION" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

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**OFFICIAL STATEMENT**
**RELATING TO**

**$27,800,000***
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

## INTRODUCTION

This Official Statement provides certain information in connection with the sale of $27,800,000* in aggregate principal amount of The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Bonds"). A brief description of The Board of Education of the County of Cabell, West Virginia (the "Board"), the Cabell County School District (the "School District") and the County of Cabell, West Virginia (the "County" or "Cabell County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide funds to provide for the advance refunding of the Board's Public School Bonds, Series 2006 issued in the original aggregate principal amount of $60,455,000 ("Series 2006 Bonds") of which $29,260,000 is outstanding and all of which will be refunded by the Bonds. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on January 28, 2006, the issuance of the Series 2006 Bonds in an amount of up to $60,455,0000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved.

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.

Other than the Series 2006 Bonds, the Board has no other outstanding bonds.

## THE BONDS

General

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

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

Interest on the Bonds will be payable May 1, 2016 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at the address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

* Preliminary, subject to change.

No Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Authority and Purpose

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Bond Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8 of the Constitution and Sections 20 and 34 of the Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds up to the amount of $60,455,000 and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 55.5% of the participating voters. Proceeds of the Series 2006 Bonds were applied, together with certain funds received by the Board from the State of West Virginia (the "State") and other sources, to provide funds for making certain improvements in the School District. The ballot question limited the term of the bonds to fifteen and a half (15.5) years from their date and limited the rate of interest on the bonds to a rate not exceeding 7.0% per annum. Pursuant to the Bond Act, the Series 2006 Bonds were issued on June 6, 2006 and designated Public School Bonds, Series 2006.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act") and a resolution and order of the Board adopted on May 5, 2015 (the "Resolution"). The Board is issuing the Bonds for the purpose of advance refunding the Series 2006 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 2006 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 2006 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

Plan of Financing

Proceeds of the Bonds in the amount of $_____ will be applied to the funding of an escrow to advance refund the Series 2006 Bonds. Such proceeds will be used to pay the interest on the Series 2006 Bonds each November 1 and May 1, commencing November 1, 2015, and May 1, 2016, to pay the maturing principal of the Series 2006 Bonds on May 1, 2016 in the amount of $4,330,000, and to pay the redemption price of the remaining maturities of the Series 2006 Bonds called for redemption in the amount of $24,930,000 (the "Redemption Price") on May 1, 2016 (the "Redemption Date"). The above referenced funds in the total amount of $_____, together with the earnings thereon, will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on or about October __, 2015 (the "Escrow Agreement"), by and among the Board and the Bond Commission. During the period in which the proceeds of the Bonds are deposited with the Bond Commission pursuant to the Escrow Agreement (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations (the "Obligations"). The maturing principal of and interest on the Obligations are not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds

Sources

| | | |
|---|---|---|
| Principal Amount of the Bonds | | $_____ |
| [Original Issue Premium] | | $_____ |
| | TOTAL | $_____ |

Uses

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

Nature of Obligation, Security and Source of Payments

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

Debt Administration

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, Bond Commission shall serve as fiscal agent for all issuers of general obligation bonds issued by counties, municipalities, and school districts of the State and is charged with the administration of the interest and sinking funds created to service the debt. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned 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 2015 Budget Bill is indicative:

> Sec. 16. 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.

---

[1] The amount set forth in the Escrow Agreement as required, together with the income thereon and funds transferred from accounts established for the Series 2006 Bonds to effect the advance refunding of the Series 2006 Bonds as described herein.
[2] Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, printing, Accountants' Verification Report and miscellaneous expenses.

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

## CABELL 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 2016, the terms of 2 members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2014-2015, the Cabell County school system had a central office professional staff of 26 with the overall responsibility to coordinate and supervise the activities of 37.5 school administrators, 1,047.10 instructional staff (teachers and other professionals), and 588.5 service personnel. Total Full Time Equivalent positions are 1,699.10. The average pupil-teacher ratio for the 2014-2015 school year was 14.72 to 1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

| Grades | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Pre-K Universal | 741 | 766 | 758 | 803 | 793 |
| K | 971 | 1016 | 1100 | 1036 | 1045 |
| 1 | 996 | 983 | 981 | 1012 | 1024 |
| 2 | 948 | 955 | 950 | 970 | 986 |
| 3 | 934 | 950 | 938 | 942 | 989 |
| 4 | 982 | 941 | 943 | 940 | 931 |
| 5 | 938 | 968 | 932 | 932 | 963 |
| 6 | 934 | 956 | 975 | 942 | 947 |
| 7 | 944 | 930 | 961 | 984 | 929 |
| 8 | 888 | 921 | 889 | 954 | 985 |
| 9 | 940 | 989 | 998 | 945 | 952 |
| 10 | 887 | 892 | 976 | 959 | 937 |
| 11 | 820 | 816 | 782 | 874 | 878 |
| 12 | 777 | 797 | 796 | 740 | 845 |
| Total | 12,700 | 12,880 | 12,979 | 13,034 | 13,204 |

| Rate of Increase (Decrease) in Enrollment | |
|---|---|
| 2011-2015 | 3.97% |
| Annualized | .98% |

Source: Cabell County Board of Education

Projected Enrollment (School Year)

| Year | Enrollment |
|---|---|
| 2016 | 13,333 |
| 2017 | 13,393 |
| 2018 | 13,393 |

Source: Cabell County Board of Education

Facilities

| School | Grades | Construction Type | Construction Date | Renovation or Addition And Date |
|---|---|---|---|---|
| Altizer Elementary | PK-5 | Joint Masonry | 1951 | 1962, 1970 |
| Central City Elementary | PK-5 | Masonry Non Combustible | 2002 | |
| Cox Landing Elementary | PK-5 | Masonry Non Combustible | 1939 | 1985 |
| Culloden Elementary | PK-5 | Masonry Non Combustible | 1939 | 2000-2015 |
| Davis Creek Elementary | PK-5 | Joint Masonry | 1958 | 1966 |
| Geneva Kent Elementary | PK-5 | Joint Masonry | 1939 | 1966-1970 |
| Guyandotte Elementary | PK-5 | Masonry Non Combustible | 1999 | |
| Highlawn Elementary | PK-5 | Joint Masonry | 1951 | 1991 |
| Hite Saunders Elementary | PK-5 | Joint Masonry | 1956 | 1957-1972 |
| Martha Elementary | PK-5 | Modified Fire Resistive | 2008 | |
| Meadows Elementary | PK-5 | Joint Masonry | 1939 | 1974 |
| Milton Elementary | PK-5 | Masonry Non Combustible | 1950 | 1970-2000 |
| Milton Pre-K | PK | Joint Masonry | 1956 | 2010 |
| Nichols Elementary | PK-5 | Masonry Non Combustible | 1963 | 1971 |
| Ona Elementary | PK-5 | Joint Masonry | 1936 | 1999 |
| Salt Rock Elementary | PK-5 | Joint Masonry | 1939 | 1970-1978 |
| Southside Elementary | PK-5 | Masonry Non Combustible | 2010 | |
| Spring Hill Elementary | PK-5 | Masonry Non Combustible | 1981 | |
| Village of Barboursville Elementary | PK-5 | Modified Fire Resistive | 2002 | |
| Barboursville Middle | 6-8 | Masonry Non Combustible | 2008 | |
| Huntington Middle | 6-8 | Masonry Non Combustible | 2010 | |
| Huntington East Middle | 6-8 | Masonry Non Combustible | 2013 | |
| Milton Middle | 6-8 | Masonry Non Combustible | 2009 | |
| Cabell Midland HS | 9-12 | Masonry Non Combustible | 1994 | 2001 |
| Huntington HS | 9-12 | Masonry Non Combustible | 1996 | 2001 |
| CCCTC | 9-12 + Adult | Masonry Non Combustible | 1981 | |
| Barboursville Bus Garage | | Joint Masonry | 1950 | 1976-2004 |
| Cox Landing Bus Garage | | Modified Fire Resistive | 1967 | 2014 |
| Milton Bus Garage | | Joint Masonry | 1960 | |
| RESA II | | Masonry Non Combustible | 1964 | |
| Cabell Central Office/ Alternative School | 6-12, Central Office Personnel | Masonry Non Combustible | 1939 | 1999 |
| Peyton Elementary (Closed) | | Joint Masonry | 1939 | 1960 |
| Enslow Middle (Closed | | Masonry Non Combustible | 1917 | 1957 |
| Incubator School-Construction Renovation (Old BHMS) | | Masonry Non Combustible | 1954 | 1969-2015 |

Source: Cabell County Board of Education

Tax Collection Procedures

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

Tax Levies and Collections*

| Year | Projected Gross Tax ($) at 100% | Projected Net Tax Collected ($) at 92-93% Less Assessors Fee | Actual Collected ($) | Actual Collected (%) |
|---|---|---|---|---|
| 2011-2012 | | | | |
| General Current | 18,681,767 | 16,903,613 | 18,303,164 | 97.97% |
| Bond Levy | 5,839,357 | 5,560,236 | 5,876,870 | 100.64% |
| Excess Levy | 23,952,321 | 22,299,611 | 23,772,419 | 99.25% |
| Permanent Improvement | 1,565,510 | 1,416,503 | 1,522,708 | 97.27% |
| 2012-2013 | | | | |
| General Current | 19,480,261 | 17,315,428 | 18,975,799 | 97.41% |
| Bond Levy | 5,828,842 | 5,550,223 | 5,863,496 | 100.59% |
| Excess Levy | 24,976,089 | 23,007,974 | 24,982,516 | 100.03% |
| Permanent Improvement | 1,632,424 | 1,451,013 | 1,583,140 | 96.98% |
| 2013-2014 | | | | |
| General Current | 19,789,490 | 17,680,757 | 19,242,963 | 97.24% |
| Bond Levy | 5,837,347 | 5,558,322 | 5,879,144 | 100.72% |
| Excess Levy | 25,372,558 | 23,373,201 | 25,509,521 | 100.54% |
| Permanent Improvement | 1,658,339 | 1,481,629 | 1,612,497 | 97.24% |
| 2014-2015 | | | | |
| General Current | 20,197,549 | 17,999,309 | N/A | N/A |
| Bond Levy | 3,339,934 | 3,183,250 | N/A | N/A |
| Excess Levy | 25,895,740 | 23,855,156 | N/A | N/A |
| Permanent Improvement | 1,692,531 | 1,508,101 | N/A | N/A |
| 2015-2016 | | | | |
| General Current | 20,595,331 | 18,357,633 | N/A | N/A |
| Bond Levy | 5,545,783 | 5,280,695 | N/A | N/A |
| Excess Levy | 26,405,745 | 24,324,972 | N/A | N/A |
| Permanent Improvement | 1,725,865 | 1,538,297 | N/A | N/A |

Source: Cabell County Board of Education and WV Auditor

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment which was protested to the board of equalization and review may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. A taxpayer can elect to have its protest of an assessment heard by the county commission sitting as a board of assessment appeals in October, rather than by the county commission sitting as a board of equalization and review in February. In order to utilize this option the taxpayer must pay the disputed taxes. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2015 assessment year valuations are made as of July 1, 2014, with taxes levied and collected during the fiscal year July 1, 2015, through June 30, 2016.

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

Property Classification

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

Assessed Valuations

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

Assessed Valuation By Property Class*

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 0 | 0 | 0 | 0 | 0 |
| II | 1,312,182,906 | 1,330,655,584 | 1,333,070,050 | 1,359,837,673 | 1,380,301,190 |
| III | 869,893,345 | 937,201,789 | 927,636,995 | 960,611,833 | 984,097,878 |
| IV | 1,083,200,446 | 1,118,357,319 | 1,169,723,230 | 1,180,356,003 | 1,198,374,147 |
| Total | 3,265,276,697 | 3,386,034,692 | 3,430,430,275 | 3,500,805,809 | 3,570,413,777 |

Assessed Valuation By Property Category*

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| Real | 2,157,041,020 | 2,202,673,440 | 2,235,147,600 | 2,278,663,080 | 2,320,321,960 |
| Personal | 828,261,477 | 888,240,920 | 885,674,964 | 901,239,641 | 914,952,225 |
| Public Utility | 279,974,200 | 295,120,602 | 309,607,711 | 320,902,788 | 335,139,592 |
| Total | 3,265,276,697 | 3,386,034,692 | 3,430,430,275 | 3,500,805,809 | 3,570,413,777 |

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

$187,667,424 in 2011 – 2012 $189,508,984 in 2012 – 2013 $191,572,262 in 2013 – 2014
$191,277,636 in 2014 – 2015 $190,489,518 in 2015 – 2016

Largest Assessed Valuations (Tax Year 2015 Class III and IV Properties only)

| Property Owner | Assessed Value ($) |
|---|---|
| Huntington Alloys Corporation* | $183,267,492 |
| Appalachian Power** | $121,322,333 |
| CSX Transportation** | $70,506,608 |
| SWVA, Inc.* | $51,181,321 |
| West Virginia American Water Co.** | $48,868,472 |
| Wal Mart* | $25,217,444 |
| AT&T Mobility** | $23,982,276 |
| Alcon Research* | $22,774,099 |
| Frontier West Virginia, Inc.** | $21,718,855 |
| Rubberlite Inc.* | $15,887,693 |

*Source: West Virginia Tax Department
**Source: West Virginia State Auditor's Office

Tax Rate Comparisons.

The following shows Cabell County property taxes in cents per $100 assessed valuation (this includes all state, county and school rates, in comparison with a few select surrounding counties), for Tax Year 2015; Fiscal Year 2015 - 2016.

Rates of Levy*

| County | Class I | Class II | Class III/IV |
|---|---|---|---|
| CABELL | 68.51 | 137.02 | 274.04 |
| Lincoln | 62.36 | 124.72 | 249.44 |
| Mason | 58.39 | 116.78 | 233.56 |
| Putnam | 62.91 | 125.82 | 251.64 |
| Wayne | 61.90 | 123.80 | 247.60 |

*Includes the total levy for State, County and schools in each County.
Source: West Virginia State Auditor

County Tax Rates

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

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

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies may not continue for more than 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 – By Property Class (Source: West Virginia State Auditor)

Taxes for school purposes are uniform throughout the County. In accordance with Chapter 11, Article 8, Section 6c of the Code of West Virginia, 1931, as amended, the tax limit for school current expenses and school permanent improvement purposes combined is $0.2295 per $100 assessed valuation in respect to Class I, $0.4590 per $100 in respect to Class II, and $0.9180 per $100 in respect to Classes III and IV. By favorable vote of at least a simple majority of the voters in an election, the above limitations may be increased by up to 100% for a period of five years, after which an election must again be held. Further, a county board of education is required to levy outside the rates provided by Chapter 11, Article 8, Section 6c, sufficient to pay the principal and interest requirements on bonds issued by the school district not exceeding five percent of the assessed value of all taxable property in the school district, in the manner provided by the Better Schools Amendment.

School Current Levy (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 17.90 | 17.90 | 17.90 | 17.90 | 17.90 |
| II | 35.80 | 35.80 | 35.80 | 35.80 | 35.80 |
| III and IV | 71.60 | 71.60 | 71.60 | 71.60 | 71.60 |

School Permanent Improvement (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| III and IV | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |

School Excess Levy (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 22.95 | 22.95 | 22.95 | 22.95 | 22.95 |
| II | 45.90 | 45.90 | 45.90 | 45.90 | 45.90 |
| III and IV | 91.80 | 91.80 | 91.80 | 91.80 | 91.80 |

School Bonds (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 5.595 | 5.656 | 5.28 | 4.92 | 4.82 |
| II | 11.19 | 10.712 | 10.56 | 9.84 | 9.64 |
| III and IV | 22.38 | 21.424 | 21.12 | 19.6 | 19.28 |

Rates of Levy (Source: West Virginia State Auditor)

The tax rates for citizens of the County, including those imposed by the Board, in cents per $100 assessed valuation for the 2015-2016 fiscal year, are as follows:

| Tax Type | Class I | Class II | Class III/IV |
|---|---|---|---|
| State Current | 0.25 | 0.50 | 1.00 |
| County Current | 14.30 | 28.60 | 57.20 |
| County Excess | 6.79 | 13.58 | 27.16 |
| School Current | 17.90 | 35.80 | 71.60 |
| School Permanent Improvement | 1.50 | 3.00 | 6.00 |
| School Bonds | 4.82 | 9.64 | 19.28 |
| School Excess | 22.95 | 45.90 | 91.80 |

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2015-2016 fiscal year.

| Municipality | Class I | Class II | Class IV |
|---|---|---|---|
| Barboursville | 18.75 | 37.50 | 75.00 |
| Milton | 11.37 | 22.74 | 45.48 |
| Huntington | 14.50 | 29.00 | 58.00 |
| Huntington Park Board | 1.50 | 3.00 | 6.00 |

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 (2014) | 97,109 |
| Assessed Valuation* | $3,570,415,777 |
| Debt Limit (5% of Assessed Valuation) | $178,520,788 |
| Outstanding Debt (prior to the Series 2015 Bonds)** | $29,260,000 |
| Debt Contracting Margin** | $149,260,788 |
| Per Capita Debt** | $301.31 |
| Outstanding Debt as percentage of Assessed Valuation** | 0.82% |

*Assessed Value is estimated to be approximately 60% of appraised or market value (Assessment Year 2015, Fiscal Year 2016).

**To be revised with final bond size.

Debt Service Requirements

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

Schedule of Bond Indebtedness

| Year Ending June 30 | Series 2015 Principal | Series 2015 Interest | Series 2015 Total |
|---|---|---|---|
| 2016 | | | |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | | |
| 2021 | | | |
| TOTAL | | | |

Overlapping Debt

There is no overlapping debt.

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## CERTAIN FINANCIAL INFORMATION

Description of Funds

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

*1. Debt Service Fund*

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

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

*2. Bond Construction Fund*

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

*3. Capital Projects Fund*

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

*4. General Current Expense Fund*

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

*5. Special Revenue Fund*

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

Investment of Certain Funds

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

Accounting Practices

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

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

Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX A - AUDIT REPORT OF CABELL COUNTY BOARD OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2014"

Budgetary Procedures

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

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

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

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

| | 2013* Actual ($) | 2014* Actual ($) | 2015 Budget ($) | 2016 Budget ($) |
|---|---|---|---|---|
| Revenues | | | | |
| Property Taxes | 43,958,315 | 44,752,484 | 43,484,770 | 43,894,949 |
| Other Local Sources | 1,768,970 | 1,720,997 | 950281.01 | 275,600 |
| State Sources | 81,226,602 | 81,252,671 | 81,875,459 | 66,722,323 |
| Federal Sources | 2,433,558 | 1,978,911 | 1,343,279 | 1,311,389 |
| Miscellaneous Sources | 0 | 0 | | |
| Total Revenues Collected | 129,387,445 | 129,705,063 | 127,653,789 | 112,204,261 |
| Expenditures | | | | |
| Instruction | 73,663,069 | 74,680,932 | 80,931,623 | 67,909,423 |
| Supporting Services: | | | | |
| Students | 5,627,874 | 5,478,719 | 6,467,354 | 5,388,188 |
| Instructional Staff | 3,633,236 | 3,819,062 | 4,166,647 | 3,113,602 |
| Central Administration | 1,365,610 | 1,442,912 | 1,698,888 | 1,418,484 |
| School Administration | 6,701,630 | 6,638,817 | 7,086,538 | 5,933,136 |
| Business Administration | 1,651,792 | 1,644,625 | 2,133,038 | 1,904,403 |
| Operation & Maintenance of Facilities | 15,377,924 | 15,882,190 | 17,271,713 | 15,588,606 |
| Student Transportation | 8,393,213 | 8,680,482 | 9,775,343 | 8,651,752 |
| Food Services | 17,552 | 9,274 | 3,504 | |
| Community Services | 2,108,904 | 1,958,077 | 2,329,094 | 2,048,149 |
| Capital Outlay | 8,128 | 0 | | |
| Reserve | | | | |
| Total Expenditures | 118,548,932 | 120,235,090 | 131,863,743 | 111,955,742 |
| Excess (Deficiency) of Revenues over Expenditures | | | | |
| Total Other Financing Sources (Uses) | -13,599,418 | -5,952,731 | -7,909,834 | -2,866,361 |
| Extraordinary Gain – OPEB credit | | | | |
| Net change in Fund Balance | -2,760,905 | 3,517,242 | -12,119,788 | N/A |
| Fund Balance - beginning | 29,161,463 | 26,400,558 | 29,997,730 | N/A |
| Restatement of Fund Balance | 0 | 79,930 | | N/A |
| Fund Balance - ending | 26,400,558 | 29,997,730 | 17,877,942 | N/A |

*Includes $67,849 OPEB Liabilities for Fiscal Year 2013 (2012-2013 Actual) and $66,675 OPEB Liabilities for Fiscal Year 2014 (2013-2014 Actual).

Source: Cabell County Board of Education

Teachers Retirement Systems (Defined Benefit)

The Teachers Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2014, there are 35,724 active members and 34,000 retirees. The plan reopened for new members as of July 1, 2005.

Members contribute 6% of annual earnings. Employers contribute 15% or 7.5% of a member's annual earnings. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2014 by Buck Consultants. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 7.5% annually, net after expenses. As of July 1, 2014, the unfunded liability of TRS was $3.4166 billion. The funded percentage was 66.2%. The State expects the TRS unfunded accrued liability to be extinguished on or about June 30, 2034.

During the 2015 First Regular Session of the 82nd Legislature, the West Virginia Legislature passed Senate Bill 529 which ultimately created a Tier II retirement benefit structure for those employees who are hired for the first time on or after July 1, 2015. Some distinctions of Tier II of TRS are that (i) qualification for normal retirement age is increased from 60 to 62 and deferred retirement age is increased from 62 to 64; (ii) it changes military service provisions from current non-contributory military service to permitting members to purchase up to five years of active military service with the Armed Forces or National Guard by paying the actuarial reserve purchase amount within 48 months of the member's date of hire; (iii) it removes the provisions for members to receive additional retirement service credit based upon their unused sick and/or annual leave; (iv) it removes the current eligibility provisions of any age with 35 years of service or age 55 with 30 years of service; and (vii) it removes the reciprocity provisions between TRS and PERS if one changes employment and no longer permits highest salary in either plan to be used for final average salary.

Source: State of West Virginia Consolidated Public Retirement Board

Teachers' Defined Contribution Retirement System

The Teachers' Defined Contribution Retirement System (TDC) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDC. The plan closed for new members as of July 1, 2005.

As of July 1, 2012, there were approximately 4,037 members in the TDC. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Members may choose from thirteen (13) separate investment options.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six (6) years and fully vested after twelve (12) years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five (5) years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia Consolidated Public Retirement Board

TDC Transfer to TRS

In 2008, the West Virginia Legislature enacted legislation authorizing members of the TDC to elect to voluntarily transfer to TRS. For the transfer to occur the legislation required that at least 65% of members of TDC as of December 31, 2007 vote to elect the transfer. Over 78% of actively contributing TDC members elected to transfer to TRS. Approximately 15,152 TDC members were transferred to TRS on July 1, 2008.

Source: State of West Virginia Consolidated Public Retirement Board

Other Post Employment Benefits (OPEB)

The Board has adopted Governmental Accounting Standards Board (GASB) Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", which among other things, requires reporting on an accrual basis the liability associated with other postemployment benefits. In conjunction with the implementation of GASB Statement No. 43, the State of West Virginia established the Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, to account for and administer the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. The PEIA Finance Board was assigned the authority to establish and amend contribution requirements of the plan members and the participating employers, and PEIA administers the plan. The legislation requires the RHBT to determine through an actuarial study the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the respective employers who are required by law to remit at least the minimum annual premium component of the CRC. The Board is required to participate in the RHBT established for the multiemployer cost-sharing plan. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

Revenues collected by RHBT are used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. The rates charged must generate sufficient revenues to not only meet all expected expenses, including insurance, administrative expenses, and incurred but unreported claims of the RHBT, but also include the amounts necessary to fund the unfunded obligation of the plan over an amortization period not to exceed 30 years.

In an effort to reduce OPEB obligations, after conducting public hearings around the State in November, 2011, the PEIA Finance Board met on December 13, 2011 and adopted its plan for 2012-2013 which, among other things, cut health benefits by approximately $18.4 million per year and set a cap on retiree premium subsidies of $343 per month, effective as of July 1, 2012, for those employees hired on or before July 30, 2010. The $343 retiree premium subsidy cap will increase over time for inflation, but by no more than 3% per year. This action is calculated to reduce the State of West Virginia's OPEB liability by half to $5 billion and is projected to ultimately eliminate the OPEB liability by 2040.

The OPEB liability, Actuarial Accrued Liability (AAL), for the multiple-employer-cost sharing plan, for plan year FY 2012, was estimated at $10.3 billion. This amount represents a substantial unfunded liability for the employers which are a part of the plan. The action taken by the PEIA Finance Board at its December 13, 2011 meeting is estimated to have cut the OPEB liability in half to approximately $5 billion. The PEIA 2012-2013 plan contemplates that State retirees will pay the additional $5 billion over time in the form of higher premiums or reduced benefits or both.

On February 10, 2012, the West Virginia Legislature passed Senate Bill 469 which creates a plan to address the funding of OPEB liabilities associated with the PEIA in the State of West Virginia. The Senate Bill eliminates health care insurance premium subsidies for PEIA insured employees which were hired after July 1, 2010 and sets up the Post July 1, 2010 Employee Trust Fund for the purpose of funding retirement benefits for employees hired after July 1, 2010. Under Senate Bill 469, following the elimination of the actuarial unfunded liability of the State's Workers' Compensation Trust Fund, the State will begin to apply $35 million a year from personal income tax collections as follows: $30 million a year will be deposited into the West Virginia Retiree Health Benefit Trust Fund (until the actuarial unfunded liability is eliminated or July 1, 2037, which ever is later to occur) for the purpose of paying down the remaining $5 billion of long-term OPEB liability associated with

the PEIA, and (ii) $5 million a year will be deposited into the Post July 1, 2012 Employee Trust Fund to assist employees hired after July 1, 2010.

For professional employees, service personnel and professional student support personnel of the various County Boards of Education in the State, including the Board, which are employed within the limits permitted by the foundation allowance of the State school aid formula, the necessary OPEB premiums which are required to be paid to PEIA with respect to such employees shall be charged to the State of West Virginia. However, such County Boards of Education, including the Board, retain liability for payment of the necessary OPEB premiums which are required to be paid to PEIA for all professional employees, service personnel and professional student support personnel which are employed by such County Boards of Education in excess of the limits permitted by the foundation allowance of the State school aid formula.

In accordance with GASB requirements, the Board accrues OPEB costs based upon invoices received from PEIA based upon actuarially determined amounts. As of June 30, 2012, the noncurrent liability related to OPEB costs for the Board was $3,631,168.00. For additional information regarding the Board's liabilities and expenses, see "APPENDIX A – Audit Report of Cabell County Board of Education for the Fiscal Year Ended June 30, 2014" and the accompanying notes to the financial statements.

Sources: West Virginia Public Employees Insurance Agency; Cabell County Board of Education

Insurance Coverage*

| 1. Type | Amount in Force (FY 2015) |
|---|---|
| Deluxe Commercial Property insurance | $461,793,907 |
| Deductible per occurrence | $2,500 |
| Machinery and Equipment insurance | $45,680,609 |
| Deductible per occurrence | $2,500 |
| Flood insurance (Buildings) | $1,354,800 |
| Deductible Per Occurrence | $2,000 |
| Flood insurance (Contents) | $1,112,800 |
| Deductible Per Occurrence | $2,000 |
| Public official position bond: | |
| Superintendent | $50,000 |
| Board President | $50,000 |
| Treasurer | $750,000 |

*Source: Cabell County Board of Education

## INVESTMENT CONSIDERATIONS

Annual Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The School District is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the School District's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The School District has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the School District and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the School District has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

## TAX MATTERS

General

The following discussion of "Tax Matters" is a brief discussion of certain income tax matters with respect to the Bonds under existing applicable law. It does not purport to deal with all aspects of taxation that may be relevant to the owner of a bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the Bonds.

Federal Income Tax Exemption of the Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain corporations for purpose of calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of,

or the tax status of interest on, the Bonds. Prospective purchasers of Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Resolution, the Tax and Non-Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson, PLLC.

[Original Issue Discount and Original Issue Premium]

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) (the "Discount Bonds"), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of West Virginia personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. A purchaser of a Discount Bond in the initial public offering at a price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocated to such beneficial owner. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of that Premium Bond. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with bond premium, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.]

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the

manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

State Income Tax Exemption

In the opinion of Bond Counsel, under the Act, as presently written and applied, the Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, municipality or political subdivision thereof.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Internal Revenue Service Audits

The IRS (defined above) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer, and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and their appointed counsel including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions

with which the Issuer legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer or the beneficial owners to incur significant expense.

Bond Counsel's opinions represent its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of result or binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinions or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

## LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

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

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

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

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

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

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

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

## LITIGATION

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

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

## CONTINUING DISCLOSURE

The Board has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX F, to provide financial information not later than one year following the end of the Board's fiscal year, commencing with the report for the fiscal year ended June 30, 2015, and to provide notice of the occurrence of the enumerated events listed herein, if material. The Annual Information and each notice of material events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the Board, with the Electronic Municipal Markets Access System ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The Board has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Board failed to file timely certain material event notices such as insurer rating changes and an upgrade in its Series 2006 Bonds that reflected the Board's eligibility and participation in the Municipal Bond Program. These notices have now been filed. No determinations were made as to whether such failings were material.

## LEGAL MATTERS

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

## FINANCIAL STATEMENTS

Included in Appendix A are the audited financial statements of the Board as of and for the twelve-month period ended June 30, 2014, of The Fyffe Jones Group, ACC, Certified Public Accountants. This report is dated March 20, 2015.

The Fyffe Jones Group, ACC did not review this Official Statement. In addition, the Board did not request the consent of the Fyffe Jones Group, ACC to append to this Official Statement the Cabell County Board of Education Financial Statements, June 30, 2014 and the related opinion of The Fyffe Jones Group, ACC. Accordingly, the Fyffe Jones Group, ACC did not perform any procedures relating to any information in this Official Statement.

## RATINGS

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of "AA" based on the Board's eligibility and participation in the Municipal Bond Program. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

## VERIFICATION AGENT

Causey Demgen & Moore P.C. has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 2006 Bonds and verification of the sufficiency of the escrow.

## UNDERWRITING

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

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series 2015 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper. Piper Jaffray & Co. has also entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2015 Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Series 2015 Bonds that CS&Co. sells.

## CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $27,800,000* in aggregate principal amount of The Board of Education of the County of Cabell Public School Refunding Bonds, Series 2015. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Cabell.

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

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. The distribution of this Official Statement has been approved by the Board. Additional information may be obtained from the Superintendent at 2850 5th Avenue, Huntington, West Virginia, 25702, telephone (304) 528-5030 (www.cabellcountyschools.com).

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____
President

* Preliminary, subject to change.

**APPENDIX A**

# Audit Report
# of
# Cabell County Board of Education
# for the
# Fiscal Year Ended June 30, 2014

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# CABELL COUNTY BOARD OF EDUCATION

Financial Statements

June 30, 2014

CABELL COUNTY BOARD OF EDUCATION
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CABELL COUNTY BOARD OF EDUCATION
SCHOOL BOARD OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Office | Name | Term |
|---|---|---|
| | Elective | |
| School Board President | Suzanne M. Oxley | 7/1/2012 - 6/30/2016 |
| School Board Members: | Mary Neely | 7/1/2010 - 6/30/2014 |
| | Mary Alice Freeman | 7/1/2010 - 6/30/2014 |
| | Garland "Skip" Parsons | 7/1/2012 - 6/30/2016 |
| | Bennie Thomas | 7/1/2010 - 6/30/2014 |
| | Appointive | |
| Superintendent | William Smith | |
| Treasurer | Conrad Lucas | |

The Fyffe Jones Group, AC

2155 Carter Avenue
P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

# INDEPENDENT AUDITORS' REPORT

To the Board of Education
Cabell County Board of Education
Huntington, West Virginia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



E-MAIL info@fja-cpas.com FAX lines: Ashland: 606-324-2823; Huntingron: 304-525-4230; Portsmouth: 740-353-6724

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 – 12 and 46 – 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cabell County Board of Education's basic financial statements. The schedule of changes in school activity funds and the schedule of excess levy revenues and expenditures are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of the Cabell County Board of Education internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cabell County Board of Education's internal control over financial reporting and compliance.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC
Huntington, West Virginia
March 20, 2015

CABELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Our discussion and analysis of the Cabell County Board of Education financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2014. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

**Financial Highlights**

- The Board's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $193,262,748 *(net position)* at the close of the most recent fiscal year. Of this amount, $44,133,987 *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The Board's total net position increased by $9,580,722. Investment in capital assets increased by approximately $6,399,715.

- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of $57,181,099, a decrease of $696,821 in comparison with the prior year

- At the end of the current fiscal year, unassigned fund balance or the amount available for spending at the Board's discretion for the general fund was $18,217,898.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing or related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the debt service fund, bond construction fund, permanent improvement fund and capital projects fund, all of which are considered major funds.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the Board cannot use these funds to finance its operations.

The Board uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 19 of the financial statements.

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

## District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $193,262,748 at the close of the most recent fiscal year.

| | 2014 Governmental Activities | 2013 Governmental Activities * |
|---|---|---|
| **ASSETS** | | |
| Current and other assets | $ 75,262,000 | $ 76,131,053 |
| Capital assets | 167,251,588 | 160,851,873 |
| Prior Period Adjustment -Restatement & correction | - | 2,815,315 |
| **Total assets** | $242,513,588 | $ 239,798,241 |
| **DEFERRED OUTFLOW OF RESOURCES** | - | - |
| **LIABILITIES** | | |
| **Liabilities:** | | |
| Current and other liabilities | $15,501,081 | $18,261,418 |
| Long-term liabilities outstanding | 33,749,759 | 37,854,793 |
| **Total Liabilities** | 49,250,840 | 56,116,211 |
| **DEFERRED INFLOW OF RESOURCES** | - | - |
| **NET POSITION** | | |
| Net Investment in Capital Assets | 133,856,588 | 123,511,873 |
| Restricted | 15,272,173 | 16,886,837 |
| Unrestricted | 44,133,987 | 40,468,005 |
| Prior Period Adjustment - Restatement & correction | - | 2,815,315 |
| **Total net position** | 193,262,748 | 183,682,030 |
| **Total liabilities, deferred inflows of resources, and net position** | $ 242,513,588 | $ 239,798,241 |

* - As reclassified for the implementation of GASB Statement No. 65

The largest portion of the Board's net position (69.26%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that are still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the Board's net position (7.90%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.

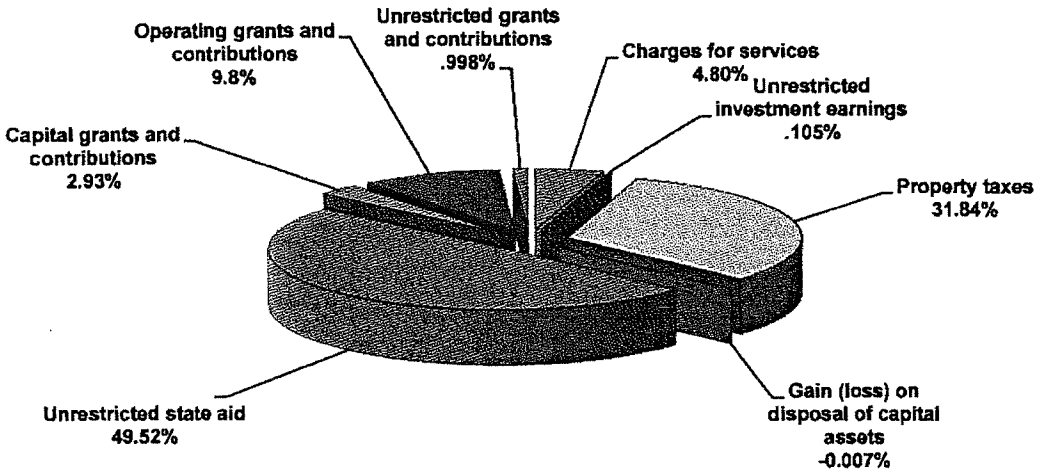
- The remaining balance of *unrestricted net position* (22.84%) may be used to meet the Board's obligations to students, employees, and creditors and to honor next year's budget. 2013 prior year adjustment as included on the district wide Net Position analysis includes a restatement of $2,735,385 that was due to a change in the regulatory agency's prescribed procedure requiring restricted special revenue funds to be classified in the liability section of the balance sheet as deferred revenue. This type of balance is now recorded in the equity section of the balance sheet as

restricted funds. The remaining $79,930 was a correction made after the audit of the June 30, 2013 financial statements. The Board's position was this amount should be paid back due to an overpayment based on our billing. However, once the audit was completed, the Board learned the billing was correct and no repayment was needed.

- At the end of the current fiscal year, the Board is able to report positive balances in all three categories of net position. The same held true for the prior fiscal year.

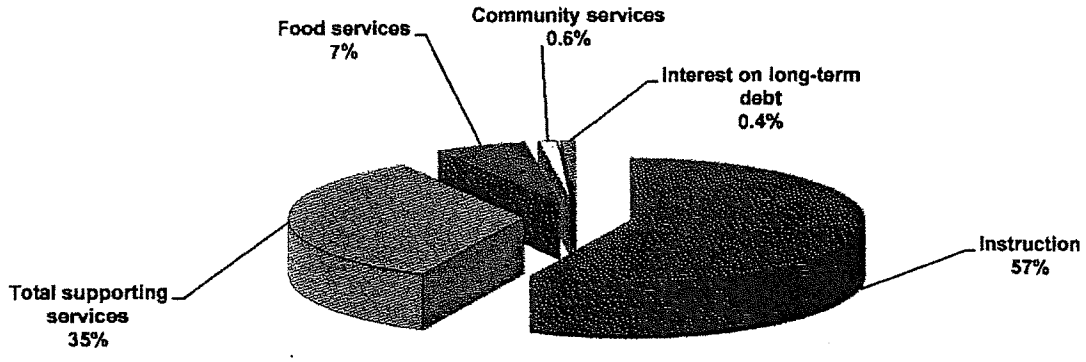
The following chart shows the Board's revenues for fiscal year ended June 30, 2014, by source:

**Revenues by Source**




The following chart shows the Board's expenditures for fiscal year ended June 30, 2014, by function:

**Expenditures by Function**



The key elements of the of the Board's net position for the year ended June 30, 2014, are as follows:

| | 2014 Governmental Activities | 2013 Governmental Activities * | Variance |
|---|---|---|---|
| **Revenues:** | | | |
| Program revenues: | | | |
| Charges for services | $7,881,298 | $3,382,632 | $4,498,666 |
| Operating grants and contributions | 16,078,338 | 18,951,826 | (2,873,488) |
| Capital grants and contributions | 4,818,493 | 12,817,468 | (7,998,975) |
| General revenues: | | | |
| Property taxes | 52,236,597 | 51,813,780 | 422,817 |
| Unrestricted state aid | 81,252,671 | 81,226,602 | 26,069 |
| Unrestricted investment earnings | 172,926 | 750,751 | (577,825) |
| Unrestricted grants and contributions | 1,637,301 | 1,223,365 | 413,936 |
| Gain or (loss) on disposal of capital assets | (11,856) | - | (11,856) |
| **Total revenues** | 164,065,768 | 170,166,424 | (6,100,656) |
| **Expenses:** | | | |
| Instruction | 88,137,592 | 87,624,113 | 513,479 |
| Supporting services: | | | |
| Students | 6,343,748 | 6,459,931 | (116,183) |
| Instructional staff | 6,276,640 | 6,333,391 | (56,751) |
| District admin. | 1,477,270 | 1,367,509 | 109,761 |
| School admin. | 6,827,597 | 6,825,761 | 1,836 |
| Business services | 1,722,109 | 1,654,599 | 67,510 |
| Operation and Maintenance | 21,042,768 | 15,294,788 | 5,747,980 |
| Transportation | 9,378,119 | 9,081,170 | 296,949 |
| Total supporting services | 53,068,251 | 47,017,149 | 6,051,102 |
| Food services | 9,697,122 | 9,948,535 | (251,413) |
| Community services | 2,013,039 | 2,139,111 | (126,072) |
| Interest on long-term debt | 1,569,042 | 1,745,356 | (176,314) |
| **Total expenses** | 154,485,046 | 148,474,264 | 6,010,782 |
| **Change in net position before transfers** | 9,580,722 | 21,692,160 | (12,111,438) |
| **Transfers** | - | - | - |
| **Change in net position before transfers** | 9,580,722 | 21,692,160 | (12,111,438) |
| **Net position - Beginning** | 183,682,026 | 159,174,551 | 24,507,475 |
| **Prior Period Adjustments - Restatement & Correction** | | 2,815,315 | (2,815,315) |
| **Net position - Ending** | $193,262,748 | $183,682,026 | $9,580,722 |

* - As reclassified for the implementation of GASB Statement No. 65

## Financial Analysis of the Board's Funds

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of $57,181,099.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into five classifications, including non-spendable, restricted, committed, assigned, and unassigned. Assignments are self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

Of the $29,997,730 fund balance in the general fund, $11,779,831 is assigned for the following purposes:

| Purpose for Assignment | Amount |
|---|---|
| Medicaid | $1,957,619 |
| Equipment Operations | 100,000 |
| E-rate Technology | 121,886 |
| Health Care | 11,808 |
| Summer School | 40,000 |
| Capital – Beverly Hills | 3,100,000 |
| Encumbrance: | |
| Instruction | 717,648 |
| Support Service Student | 16,688 |
| Support Service Instruction | 156,633 |
| Administration | 127,372 |
| School Administration | 14,830 |
| Support Central | 85,167 |
| Operation and Maintenance | 851,065 |
| Transportation | 284,115 |
| Community | 55,000 |
| Beginning Balance | 4,140,000 |
| Total | $11,779,831 |

In addition, the following other changes in fund balances should be noted and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use:

- The General Current Expense Fund showed an increase in fund balance due, in large part, to reduction in transfers to Capital Projects Fund.

- The Special Revenue Fund showed an increase in fund balance mostly due to a restatement of beginning balances.

- The Capital Projects Fund showed a decrease in fund balance, mainly due to completion of construction at Huntington East Middle School and the Transportation Complex.

**General Fund Budgetary Highlights**

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended general fund budget was an increase of $6,302,133 or 6% in total general fund expenditures.

**Capital Asset and Debt Administration**

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2014, amounts to $167,251,588 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was $6,399,715 or 4%.

Capital assets at year end included the following:

| | 2014 Governmental Activities |
|---|---|
| Land | $ 16,445,796 |
| Building and Improvements | 130,841,737 |
| Furniture and equipment | 5,628,729 |
| Vehicles | 6,038,278 |
| Construction in process | 8,297,048 |
| Total Capital Assets | $ 167,251,588 |

Additional information on the Board's capital assets can be found in Note 7 to the Basic Financial Statements.

**Long-term debt.** At the end of the current fiscal year, the Board had total bonded debt outstanding of $33,395,000. The obligation for compensated absences for vacations was $546,587 at June 30, 2014.

| | 2014 Governmental Activities |
|---|---|
| General Obligation bonds | $ 33,395,000 |
| Compensated absences | 546,587 |
| Total Debt Outstanding | $ 33,941,587 |

Additional information on the Board's long-term debt can be found in Note 8 to the Basic Financial Statements.

**Factors bearing on the Board's Future**

Employees of the Board are eligible to receive special termination benefits in the form of convertible sick leave earned but not used prior to retirement. Upon retirement, an employee's accumulated sick leave may be converted to a greater retirement benefit or to payment of the retired employee's health insurance premiums. The cost of additional retirement benefits are the liability of the West Virginia Consolidated Public Retirement RESA and therefore are not recorded in the Board's financial statements. However, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. In accordance with the guidance of GASB Statement 45, other post-employment benefits attributable to sick leave convertible to health insurance premiums have been calculated to be $3,631,168 and reported in the fund statements as of June 30, 2014. This includes a current year expenditure of $66,674. The Board anticipates an additional expenditure of a similar magnitude during the fiscal year 2015. Additional information can be found in Note 10 to the Basic Financial Statements.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Cabell County Board of Education**
**2850 Fifth Avenue**
**Huntington, WV 25702**

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2014

| | | Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 61,915,733 |
| Investments | | 5,160,925 |
| Taxes receivable, net of allowance for uncollectible taxes | | 3,779,378 |
| Food service receivable | | 96,983 |
| Other receivables | | 42,067 |
| Due from other governments: | | |
| PEIA allocation receivable | | 1,784,703 |
| Reimbursements receivable | | 2,482,211 |
| Capital Assets: | | |
| Land | | 16,445,796 |
| Buildings and improvements | | 196,467,577 |
| Furniture and equipment | | 10,588,097 |
| Vehicles | | 13,073,120 |
| Construction in process | | 8,297,048 |
| Less accumulated depreciation | | (77,620,050) |
| Total capital assets, net of depreciation | | 167,251,588 |
| **Total assets** | | 242,513,588 |
| **DEFERRED OUTFLOW OF RESOURCES** | | |
| | | - |
| **Total deferred outflows of resources** | | - |
| **LIABILITIES** | | |
| Salaries payable and related payroll liabilities | $ | 5,195,237 |
| PEIA premiums payable | | 2,429,516 |
| Compensated absences | | 546,587 |
| Accounts payable | | 3,698,573 |
| Other post employment benefit payable | | 3,631,168 |
| Long-term obligations: | | |
| Due within one year: | | |
| Bonds, capital leases, and contracts | | 4,135,000 |
| Accrued interest | | 354,759 |
| Due beyond one year: | | |
| Bonds, capital leases, and contracts | | 29,260,000 |
| **Total liabilities** | | 49,250,840 |
| **DEFERRED INFLOW OF RESOURCES** | | |
| | | - |
| **Total deferred inflows of resources** | | - |
| **Total liabilities and deferred inflows of resources** | $ | 49,250,840 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | $ | 133,856,588 |
| Restricted for: | | |
| Debt service | | 4,878,440 |
| Special projects | | 2,267,995 |
| Capital projects | | 8,125,738 |
| Unrestricted | | 44,133,987 |
| **Total net position** | $ | 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Functions | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense), Revenue & Changes in Net Position Governmental Activities |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Instruction | $ 88,137,592 | $ 1,235,197 | $ 9,413,649 | $ 2,392,476 | $ (75,096,270) |
| Supporting services: | | | | | |
| Students | 6,343,748 | 88,912 | 677,617 | 172,216 | (5,405,003) |
| Instructional staff | 6,276,640 | 87,963 | 670,378 | 170,376 | (5,347,923) |
| General administration | 1,477,270 | 20,699 | 157,754 | 40,093 | (1,258,724) |
| School administration | 6,827,597 | 95,680 | 729,196 | 185,325 | (5,817,396) |
| Central services | 1,722,109 | 24,143 | 183,996 | 46,762 | (1,467,208) |
| Operation and maintenance of facilities | 21,042,768 | 294,897 | 2,247,463 | 571,192 | (17,929,216) |
| Student transportation | 9,378,119 | 131,419 | 1,001,570 | 1,240,053 | (7,005,077) |
| Food services | 9,697,122 | 5,902,388 | 996,715 | - | (2,798,019) |
| Community services | 2,013,039 | - | - | - | (2,013,039) |
| Interest on long-term debt | 1,569,042 | - | - | - | (1,569,042) |
| Total governmental activities | $ 154,485,046 | $ 7,881,298 | $ 16,078,338 | $ 4,818,493 | $ (125,706,917) |
| General revenues: | | | | | |
| Property taxes | | | | | $ 52,236,597 |
| Unrestricted state aid | | | | | 81,252,671 |
| Unrestricted investment earnings | | | | | 172,926 |
| Unrestricted grants and contributions | | | | | 1,637,301 |
| Gain (loss) on disposal of capital assets | | | | | (11,856) |
| Transfers in | | | | | 6,142,826 |
| Transfers (out) | | | | | (6,142,826) |
| Total general revenues, extraordinary items and transfers | | | | | 135,287,639 |
| Change in net position | | | | | 9,580,722 |
| Net position - beginning | | | | | 180,866,711 |
| Prior period adjustments - change in procedure & correction (See Note 12) | | | | | 2,815,315 |
| Net position - beginning, as restated | | | | | 183,682,026 |
| Net position - ending | | | | | $ 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

| | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | | | | | |
| **Assets:** | | | | | | |
| Cash and cash equivalents | $ 38,698,632 | $ 3,179,360 | $ 510 | $ 4,748,015 | $ 15,289,216 | $ 61,915,733 |
| Investments | - | - | 5,160,925 | - | - | 5,160,925 |
| Taxes receivable, net | 3,232,322 | - | 445,056 | 102,000 | - | 3,779,378 |
| Food service receivable, net | - | 96,983 | - | - | - | 96,983 |
| Other receivables | 42,067 | - | - | - | - | 42,067 |
| Due from other governments: | | | | | | |
| PEIA allocation receivable | 1,784,703 | - | - | - | - | 1,784,703 |
| Reimbursements receivable | 605,432 | 1,746,095 | - | - | 130,684 | 2,482,211 |
| **Total assets** | 44,363,156 | 5,022,438 | 5,606,491 | 4,850,015 | 15,419,900 | 75,262,000 |
| **Deferred outflows of resources** | - | - | - | - | - | - |
| **Total deferred outflows of resources** | - | - | - | - | - | - |
| **TOTAL ASSETS PLUS DEFERRED OUTFLOWS OF RESOURCES** | $ 44,363,156 | $ 5,022,438 | $ 5,606,491 | $ 4,850,015 | $ 15,419,900 | $ 75,262,000 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | | |
| **Liabilities:** | | | | | | |
| Salaries payable and related payroll liabilities | $ 4,637,798 | $ 557,439 | $ - | $ - | $ - | $ 5,195,237 |
| Other post employment benefits payable | 3,631,168 | - | - | - | - | 3,631,168 |
| PEIA premiums payable | 2,129,111 | 297,950 | - | - | 2,455 | 2,429,516 |
| Accounts payable & payable to others | 1,295,787 | 1,899,051 | - | 366,320 | 137,412 | 3,698,570 |
| **Total liabilities** | 11,693,864 | 2,754,440 | - | 366,320 | 139,867 | 14,954,491 |
| **Deferred inflows of resources** | 2,671,562 | - | 373,292 | 81,556 | - | 3,126,410 |
| **Total deferred inflows of resources** | 2,671,562 | - | 373,292 | 81,556 | - | 3,126,410 |
| **Fund Balances:** | | | | | | |
| Restricted | - | 2,267,998 | 5,233,199 | 4,402,139 | 3,723,599 | 15,626,935 |
| Committed | - | - | - | - | 4,476,804 | 4,476,804 |
| Assigned | 11,779,831 | - | - | - | 7,079,630 | 18,859,461 |
| Unassigned | 18,217,898 | - | - | - | - | 18,217,898 |
| **Total fund balances** | 29,997,730 | 2,267,998 | 5,233,199 | 4,402,139 | 15,280,033 | 57,181,099 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ 44,363,156 | $ 5,022,438 | $ 5,606,491 | $ 4,850,015 | $ 15,419,900 | $ 75,262,000 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

| | |
|---|---|
| Total fund balances on the governmental fund's balance sheet | $ 57,181,099 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet | 167,251,588 |
| Property taxes receivable and food service billings receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the funds | 3,126,407 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Bonds payable, due within one year | (4,135,000) |
| Bonds payable, due beyond one year | (29,260,000) |
| Accrued interest on bonds | (354,759) |
| Compensated absences | (546,587) |
| Net position of governmental activities | $ 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Property taxes | $ 44,752,484 | $ - | $ 5,879,144 | $ 1,612,497 | $ - | $ 52,244,125 |
| Other local sources | 1,720,997 | 1,054,889 | 68,769 | 20,461 | - | 2,865,116 |
| State sources | 81,252,671 | 5,953,637 | - | - | 3,832,990 | 91,039,298 |
| Federal sources | 1,978,911 | 15,991,268 | - | - | - | 17,970,179 |
| **Total revenues** | 129,705,063 | 22,999,794 | 5,947,913 | 1,632,958 | 3,832,990 | 164,118,718 |
| **Expenditures:** | | | | | | |
| Instruction | 74,680,932 | 11,839,196 | - | - | 1,278,941 | 87,799,069 |
| Supporting services: | | | | | | |
| Students | 5,478,719 | 864,408 | - | - | - | 6,343,127 |
| Instructional staff | 3,819,062 | 2,446,730 | - | - | - | 6,265,792 |
| General administration | 1,442,912 | - | - | - | - | 1,442,912 |
| School administration | 6,638,817 | 188,780 | - | - | - | 6,827,597 |
| Central services | 1,644,625 | 16,326 | - | - | - | 1,660,951 |
| Operation and maintenance of facilities | 15,882,190 | 109,442 | - | 323,601 | 14,545 | 16,329,778 |
| Student transportation | 8,680,482 | 1,018,289 | - | - | - | 9,698,771 |
| Food services | 9,274 | 9,746,452 | - | - | 202,289 | 9,958,015 |
| Community services | 1,958,077 | 54,963 | - | - | - | 2,013,040 |
| Capital outlay | - | - | - | 2,399,586 | 8,513,545 | 10,913,131 |
| Debt service: | | | | | | |
| Principal retirement | - | - | 3,945,000 | - | - | 3,945,000 |
| Interest and fiscal charges | - | - | 1,618,356 | - | - | 1,618,356 |
| **Total expenditures** | 120,235,090 | 26,284,586 | 5,563,356 | 2,723,187 | 10,009,320 | 164,815,539 |
| Excess (deficiency) of revenues over expenditures | 9,469,973 | (3,284,792) | 384,557 | (1,090,229) | (6,176,330) | (696,821) |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 95,047 | 2,912,452 | - | - | 3,135,326 | 6,142,825 |
| Transfers (out) | (6,047,778) | (95,047) | - | - | - | (6,142,825) |
| **Total other financing sources (uses)** | (5,952,731) | 2,817,405 | - | - | 3,135,326 | - |
| **Net change in fund balances** | 3,517,242 | (467,387) | 384,557 | (1,090,229) | (3,041,004) | (696,821) |
| **Fund balances - beginning** | 26,400,558 | - | 4,848,642 | 5,492,368 | 18,321,037 | 55,062,605 |
| **Prior period adjustments - correction & change in procedure (See Note 12)** | 79,930 | 2,735,385 | - | - | - | 2,815,315 |
| **Fund balances - beginning, as restated** | 26,480,488 | 2,735,385 | 4,848,642 | 5,492,368 | 18,321,037 | 57,877,920 |
| **Fund balances - ending** | $ 29,997,730 | $ 2,267,998 | $ 5,233,199 | $ 4,402,139 | $ 15,280,033 | $ 57,181,099 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different due to: | | |
| Net change in fund balances - total governmental funds | $ | (696,821) |
| Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net position is the amount by which capital outlays exceed depreciation in the current period. | | |
| Depreciation expense | | (5,002,931) |
| Capital outlays | | 11,414,502 |
| Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased). | | |
| Property taxes receivable | | (7,528) |
| Operating grants and contributions | | (33,566) |
| The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net position. | | 3,945,000 |
| Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net position in the statement of activities. | | |
| Cost of assets disposed | | (105,913) |
| Accumulated depreciation of assets disposed | | 94,057 |
| Compensated absences are reported as liabilities in the statement of net position, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased. | | |
| Accrued vacation payable | | (31,794) |
| Amortization of bond issuance costs are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds. | | (43,598) |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | | 49,314 |
| Change in net position of governmental activities | $ | 9,580,722 |

See Notes to the Basic Financial Statements

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2014

| | Agency Funds | |
|---|---|---|
| | School Activity Funds | Regional Education Service Agency |
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| **Assets:** | | |
| Cash and cash equivalents | $ 1,877,898 | $ 1,747,961 |
| Receivables | - | 218,381 |
| **Total assets** | 1,877,898 | 1,966,342 |
| **Deferred outflows of resources:** | | |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities | - | 579,570 |
| Due to other funds | 1,877,898 | - |
| **Total liabilities** | 1,877,898 | 579,570 |
| **Net Position** | $ - | $ 1,386,772 |

See Notes to the Basic Financial Statements.

## Note 1 - Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### A. Reporting Entity

The Cabell County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

### B. District-wide and Fund Financial Statements

The ***district-wide financial statements*** (the statement of net position and the statement of activities) display information about the School Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

The ***fund financial statements*** provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

**General Current Expense Fund:** The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

**Special Revenue Fund:** The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

**Debt Service Fund:** The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the Board for the acquisition of capital assets.

**Capital Projects Fund:** Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

**Agency Funds:** Agency funds are used to account for assets that the Board holds for others in an agency capacity. These include: Regional education service agencies (RESA's) and multi-county vocational centers (MCVC's) for the purpose of providing high quality, cost effective educational programs and to provide vocational training, respectively, in which the county board of education serves as the fiscal agent; school activity funds to account for the assets of the individual schools of the district, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the school district by a benefactor for the purpose of providing scholarships for graduates of the school district.

**C. Measurement Focus and Basis of Accounting**

The ***district-wide statements*** (Statement of Net Position and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The ***governmental fund financial statements*** were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

***Fiduciary funds*** are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the School Board holds for others in an agency capacity.

**D. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed, or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Cash and Investments**

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2014, were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Deposits (money market/sweep accounts) with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the board's name. Custodian credit risk is the risk that in event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Cash on hand and deposits with banking institutions either in checking or savings accounts or other highly liquid investments with an original maturity of three months or less are presented as cash in the accompanying financial statements.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the West Virginia Municipal Bond Commission (MBC) for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof; certificates of deposit; and repurchase agreements. Funds of the Board are temporarily invested by the MBC specifically on behalf of the Board as part of the MBC's consolidated investment pool. Deposits with the State Consolidated Investment Pool are held by the West Virginia Board of Treasury Investments (BTI). The deposits with the MBC are held for debt service requirements of the Board. The deposits with the BTI and MBC are not separately identifiable as to specific types of securities. Investment income is prorated to the Board at rates specified by the BTI and MBC. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying basic financial statements. These investments are considered cash and cash equivalents due to their liquid nature. The BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

All deposit accounts and investments of the Board at June 30, 2014, consisted of the following:

| | Carrying Amount | Estimated Fair Value | Bank Balance |
|---|---|---|---|
| State Investment Pool | $ 650,868 | $ 650,868 | $ 650,868 |
| Municipal Bond Commission | 5,160,925 | 5,160,925 | 5,160,925 |
| Money Market/Sweep Account | 43,919,923 | 43,919,923 | 43,919,923 |
| Deposits with financial institutions - Individual Schools | 1,877,898 | 1,877,898 | 1,877,898 |
| Deposits with financial institutions - Board of Education | 13,897,665 | 13,897,665 | 13,897,665 |
| Total investments | $ 65,507,279 | $ 65,507,279 | $ 65,507,279 |

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short term investments that are less affected by changes in market rates as compared to long term investments.

At June 30, 2014, the Board has $5,160,925 invested with the West Virginia Municipal Bond Commission. Pool investments of the Municipal Bond Commission are held in a Government Money Market with the WV Board of Treasury Investments Consolidated Fund.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Exposure to credit risk in the Government Money Market Pool is limited to U.S. Treasury issues and U.S. government agency issues and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The Board's investments in the Consolidated Fund pool and related accounts have not been rated for credit risk by any organization.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. West Virginia statutes prohibit the Consolidated Fund Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2014, the Pool did not have investments in any one private corporation or association that represented more than 5% of assets.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the Government Money Market Pool within the Consolidated Fund Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

**F. Food Service Receivables**

The accounts receivable for the Food Service Program has not been reduced by an allowance for bad debt as the amount reported is deemed collectible.

**G. Interfund Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance account (restricted, committed, assigned) in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**H. Inventories**

The Board has reported no material inventories as of June 30, 2014.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. On June 30, 2014, the Board had no prepaid items.

**J. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles, are reported in the district-wide financial statements. The board defines capital assets as assets with an initial, individual cost of $5,000 or more for land, furniture, vehicles, and equipment and $100,000 for buildings and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 50 |
| Site Improvements | 20 – 35 |
| Furniture & Equipment | 5 – 20 |
| Vehicles | 8 – 12 |

*Life of Buildings in use more than 50 years has been extended accordingly.

**K. Deferred Outflow of Resources**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**L. Compensated Absences and Other Post Employment Benefit Liability**

**Compensated Absences:**

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 40 and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of a cash payment at retirement, an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

**Other Post Employment Benefit (OPEB) Liability:**

It is the Board's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability. See Note 10 for further discussion.

**M. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

**N. Deferred Inflow of Resources**

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**O. Net Position**

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

- **Invested in capital assets, net of related debt** - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.

- **Restricted net position, expendable** - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **Restricted net position, nonexpendable** - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2014.

- **Unrestricted net position** - This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

**P. Fund Equity**

Effective July 1, 2010, the Board adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2014. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

**Q. Elimination and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**R. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**S. Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. If an expense is incurred for purposes for which committed, assigned, and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**T. Newly Adopted Statements Issued by the GASB**

The Governmental Accounting Standards Board has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for fiscal years beginning after December 15, 2012. This statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. See note 3 for a discussion of the anticipated effect.

The Governmental Accounting Standards Board has also issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, effective for fiscal years beginning after December 15, 2012. This statement will resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of GASB Statement No. 66 had no impact on the June 30, 2014 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, effective for fiscal years beginning after June 15, 2013. This statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The adoption of GASB Statement No. 67 had no impact on the June 30, 2014, financial statements.

**U. Recent Statements Issued by the GASB**

The Governmental Accounting Standards Board has also issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. This Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The Board has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 15, 2013. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The Board has not yet determined the effect that the adoption of GASB Statement No. 69 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

June 15, 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The Board has not yet determined the effect that the adoption of GASB Statement No. 70 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The Board has not yet determined the effect that the adoption of GASB Statement No. 71 may have on its financial statements.

**Note 2 - Stewardship, Compliance and Accountability:**

Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2014:

| Fund | Amount |
|---|---|
| Special Revenue | $ 467,387 |
| Permanent Improvement Funds | $1,090,229 |
| Capital Projects Fund | $3,041,004 |

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Funds.

The Board did not have any deficit fund balances at June 30, 2014.

**Note 3 - Change in Accounting Policy:**

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 65 – As of July 1, 2013, the Board implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement reclassified some items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. At transition, the impact of GASB 65 was as follows:

**Note 3 - Change in Accounting Policy: (Cont.)**

**Unavailable Revenue:** Property tax collections, Medicaid collections, and other receivables that are not received soon enough after year end to pay liabilities of the current period, are now required to be presented as deferred inflows of resources. For fiscal year ended June 30, 2014, the Board reported deferred inflows of resources relating to such unavailable revenues totaling $3,126,410. These were previously reported as deferred revenues.

**Note 4 - Risk Management:**

The Board is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

**Board of Risk and Insurance Management (BRIM):** The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

**Public Employees Insurance Agency (PEIA):** The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs has no lifetime maximum for health and $10,000 of life insurance coverage. Members may purchase up to an additional $500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

**Workers Compensation Fund (WCF):** The Board participates in the workers compensation program through BrickStreet Insurance. Nearly every employer in the State, including all boards of education, which have a payroll, must participate in a workers compensation program of their choosing. The cost of all coverage is paid by the employers.

BrickStreet Insurance retains the risk related to the compensation of injured employees under the program.

**Note 5 - Property Taxes:**

All property in the State is classified as follows for ad valorem tax purposes:

Class I — All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.

Class II — All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III — All real and personal property situated outside of municipalities, exclusive of Class I and II property.

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

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per $100 of assessed valuation; Class II - 45.90¢ per $100 of assessed valuation; Class III - 91.80¢ per $100 of assessed valuation; and Class IV - 91.80¢ per $100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessors Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2014, were:

| Class of Property | Assessed Valuations For Tax Purposes | Current Expense | Excess Levy | Permanent Improvement | Bond Purposes |
|---|---|---|---|---|---|
| Class I | $ - | 17.90¢ | 22.95¢ | 1.50¢ | 5.28¢ |
| Class II | $ 1,333,070,060 | 35.80¢ | 45.90¢ | 3.00¢ | 10.56¢ |
| Class III | $ 927,636,995 | 71.60¢ | 91.80¢ | 6.00¢ | 21.12¢ |
| Class IV | $ 1,169,723,230 | 71.60¢ | 91.80¢ | 6.00¢ | 21.12¢ |

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in

**Note 5 - Property Taxes: (Cont.)**

two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

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

**Taxes Receivable**

Taxes receivable as of June 30, 2014, for the Board's funds are as follows:

| | General Current Expense Fund | Debt Service Fund | Permanent Improvement Fund |
|---|---|---|---|
| Taxes Receivable | $ 5,671,073 | $ 764,359 | $ 207,138 |
| Less: Allowance for Uncollectible | (2,438,751) | (319,303) | (105,139) |
| Taxes Receivable, net | $ 3,232,322 | $ 445,056 | $ 101,999 |

**Note 6 - Excess Levy:**

The Board had an excess levy in effect during the fiscal year ended June 30, 2014. The levy was authorized by the voters of the county at an election held on November 4, 2008 for the fiscal years ended June 30, 2014 through June 30, 2015 to provide funds for the following purposes:

- Professional Salary – Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel, and minimum salaries fixed by law and supplemental salaries.
- Service Salary – Including, but not limited to, service personnel salaries, salaries of service personnel in excess of 200 days, salaries for service personnel in excess of state funding limit, and minimum salaries fixed by law and supplemental salaries.
- Substitute – Including, but not limited to, professional and service personnel substitute costs.
- Athletics – Including, but not limited to, salaries for coaches, intramural activities, and other costs associated with athletic programs and facilities.
- Personnel Taxes and Benefits – Including, but not limited to, FICA taxes, unemployment taxes, workers' compensation taxes, retirement, and other insurance, including dental and optical.
- Textbooks, Supplies, Postage, Insurance and Travel – Including, but not limited to, printing,

**Note 6 - Excess Levy: (Cont.)**

copying, school, custodial, library, office, health supplies, postage, textbooks, insurance and travel.

- Contracted Services – Including, but not limited to, staff development, legal services, special education, pest management, financial audit, transportation department employees' random drug and alcohol testing, student drug testing, and fire alarm inspections.

- Construction, Repair, and Maintenance – Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving and bus maintenance.

- Equipment and Rentals – including, but not limited to, maintenance equipment, vehicle replacement, lab equipment, administrative equipment, school equipment, vacuums, copiers, transportation equipment, school copier rentals, computer leases, data communications, Drivers Education car rentals, and communication equipment.

- Cabell County Public Library – The operation of the Cabell County Public Library as required by Section 6, Chapter 207, of the 1967 Acts of the West Virginia Legislature.

- Greater Huntington Park and Recreation District – The operation of the Greater Huntington Park and Recreation District as required by Section 7, Chapter 194, of the 1983 Acts of the West Virginia Legislature.

- Contingency and Other Expenses – Including, but not limited to, unforeseen expenses, commercial drivers' licenses, and other miscellaneous expenses.

A total of $25,509,522 was received by the Board from the excess levy during the fiscal year ended June 30, 2014.

## Note 7 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2014, are as follows:

| | Balance, Beginning of Year | Additions | Retirements | Balance, End of Year |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Land | $ 16,381,828 | $ 63,968 | $ - | $ 16,445,796 |
| Buildings | 178,209,212 | 18,258,365 | - | 196,467,577 |
| Furniture and equipment | 6,635,248 | 4,058,762 | (105,913) | 10,588,097 |
| Vehicles | 11,954,847 | 1,118,273 | - | 13,073,120 |
| Construction in process | 20,381,914 | 6,147,675 | (18,232,540) | 8,297,048 |
| Total capital assets being depreciated | 233,563,049 | 29,647,043 | (18,338,453) | 244,871,638 |
| Less accumulated depreciation for: | | | | |
| Buildings | (61,848,061) | (3,777,778) | - | (65,625,839) |
| Furniture and equipment | (4,669,706) | (383,719) | 94,057 | (4,959,368) |
| Vehicles | (6,193,409) | (841,434) | - | (7,034,843) |
| Total accumulated depreciation | (72,711,176) | (5,002,931) | 94,057 | (77,620,050) |
| Capital Assets, net | $160,851,873 | $ 24,644,111 | $(18,244,396) | $ 167,251,588 |

Depreciation expense was charged to function of the governmental activities as follows:

| | |
|---|---|
| Instruction | $ 3,864,981 |
| Supporting Services: | |
| Students | 621 |
| Instructional Staff | 10,848 |
| Central administration | 12,564 |
| Business | 7,560 |
| Operation & maintenance of facilities | 92,622 |
| Transportation | 797,621 |
| Food services | 216,114 |
| Total Depreciation expense | $ 5,002,931 |

## Note 8 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2014, is as follows:

| | Balance, Beginning of Year | Additions | Deductions | Balance, End of Year | Amounts due within one year | Amounts due past one year |
|---|---|---|---|---|---|---|
| General obligation debt | $37,340,000 | $ - | $3,945,000 | $33,395,000 | $4,135,000 | $29,260,000 |
| Compensated absences | 514,793 | 31,794 | - | 546,587 | 546,587 | - |
| Long-term liabilities | $37,854,793 | $ 31,794 | $3,945,000 | $33,941,587 | $4,135,000 | $29,806,587 |

**Note 8 - Long-term Debt: (Cont.)**

**Bond Issue of 2006:**

On January 28, 2006, the Board issued $60,455,000 in general obligation bonds to provide funds for (school construction and renovations). The bonds mature in varying annual increments through May 21, 2021, and interest is payable semiannually at varying rates. Payments on the general obligation bonds payable during the year were made from the debt service fund. Of the total amount required to amortize all general obligation bonds outstanding as of June 30, 2014, including interest payments, the following summarizes the current and long-term portions:

| Year Ending, June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $4,135,000 | $1,419,038 | $5,554,038 |
| 2016 | 4,330,000 | 1,212,288 | 5,542,288 |
| 2017 | 4,535,000 | 995,788 | 5,530,788 |
| 2018 | 4,750,000 | 769,038 | 5,519,038 |
| 2019 | 4,975,000 | 531,538 | 5,506,538 |
| 2020-2021 | 10,670,000 | 483,900 | 11,153,900 |
| | $33,395,000 | $5,411,590 | $38,806,590 |

**Note 9 - Employee Retirement System:**

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System or the Teachers' Defined Contribution Retirement System. For the year ended June 30, 2014, the Board's total payroll for all employees was $74,916,581 and the payroll was $68,938,139 for employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Trend Information: Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

Conversion of leave for post-retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

**Note 9 - Employee Retirement System: (Cont.)**

**Teachers' Defined Benefit Retirement System:**

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941, and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding Status: According to the January 15, 2014, Actuarial Valuation Report of the Teachers' Retirement System, the plan's actuarial unfunded liability was $4.18 billion as of July 1, 2013.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 13.5% annually.

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

**Note 9 - Employee Retirement System: (Cont.)**

The required contributions for the year ended June 30, 2014, and the two previous years were:

| Year Ended June 30, | 2012 | 2013 | 2014 |
|---|---|---|---|
| Required Contributions | $ 458,047,000 | $ 483,013,000 | $454,983,000 |
| Percent of Current-Year Covered Payroll | 27.65% | 29.18% | 27.82% |

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 2014 were:

| | |
|---|---|
| Employees' contributions (6%) | $ 3,757,715 |
| Employer's contributions (15% or 7.5%) | 5,862,182 |
| Total contributions | $ 9,619,897 |

**Teachers' Defined Contribution Retirement System:**

Plan Description: All Board employees hired after July 1, 1991, but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. According to HB 101 which was passed during the 2008 legislative session, existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at any time. The investment options are: Great-West SF Balanced Trust, Great-West Lifetime 2015 Trust II, Great-West Lifetime 2025 Trust II, Great-West Lifetime 2035 Trust II, Great-West Lifetime 2045 Trust II, Great-West Lifetime 2055 Trust II, American Funds EuroPacific R5, Franklin Mutual Global Discovery Fund – Z, Heartland Value Plus Inst, Sentinel Small Company I, Vanguard Small-Cap Index Fund – Inv, American Century Heritage Inv, Scout Mid Cap, JHancock Large Cap Equity I, Putnam Equity Income Y, Vanguard Large Cap Index Inv, PIMCO Total Return Fund – Admin, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund, and Valic Fixed Annuity Option.

**Note 9 - Employee Retirement System: (Cont.)**

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2013, this plan had approximately $350.6 million in net assets for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Great West Retirements Services, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the defined contribution plan for fiscal year 2014 were:

| | | |
|---|---|---|
| Employees' contributions (4.5%) | $ | 283,930 |
| Employer's contributions (7.5%) | | 473,218 |
| Total contributions | $ | 757,148 |

**Note 10 - Post Employment Benefits Other Than Pension:**

**A. General Information**

The Governmental Accounting Standards Board (GASB) issued Statement 45 in 2004 to establish standards for the measurement, recognition, and reporting of OPEB expenses/expenditures and related liabilities.

Other post-employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001, to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits; vested the responsibility for operation of the fund with the PEIA Board of Finance; required the Board of Finance to adopt actuarial assumptions and determine the annual required contribution (ARC) rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits; required the board to have an actuarial valuation conducted at least biannually; required the Board of

**Note 10 - Post Employment Benefits Other Than Pension: (Cont.)**

Finance to set the total ARC sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles; required the Board of Finance to bill all participating employers their share of the ARC, and; required participating employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001, may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

**Note 10 - Post Employment Benefits Other Than Pension: (Cont.)**

Based on the latest actuarial evaluation of the RHBT, the annual required contribution (ARC) for the State and the boards of education for fiscal year ended June 30, 2014, was determined to be:

| | Total | Amount per Policyholder |
|---|---|---|
| Total Annual Required Contribution | $231,737,000 | $3,240 |
| Remaining OPEB Cost Employers must Accrue | 160,822,000 | 2,117 |
| Remaining ARC | $ 70,915,000 | $1,123 |

The following summarizes the Board's OPEB activity:

| | |
|---|---|
| OPEB, beginning of the year | $3,564,494 |
| Total OPEB expense | 4,067,849 |
| Less: | |
| State Appropriation Allowance | (801,249) |
| Pay-as-you-go payments and payables | (3,199,926) |
| OPEB Expense at year end | $3,631,168 |

The Board has contributed the following amounts, which are net of any credits issued by PEIA/RHBT for each period, for OPEB for the last three years:

| Fiscal Year Ending June 30, | Annual OPEB Cost | Percentage Contributed |
|---|---|---|
| 2014 | $4,067,849 | 79% |
| 2013 | $3,540,419 | 76% |
| 2012 | $3,630,814 | 75% |

**B. Current Year Credits**

In February 2012, the West Virginia Legislature passed Senate Bill 469 that transferred the portion of the OPEB liability attributable to personnel funded through the state aid funding formula to the State of West Virginia. The Board is required to report only the portion of the OPEB liability attributable to the personnel employed in excess of the number funded through the formula in its financial statements for the current and all subsequent years until the actuarial unfunded liability is completely funded. To remove the OPEB liability, PEIA/RHBT issued credits to the Board. The amount of credit issued for fiscal year 2014 was $801,249. This amount was treated as a reduction of current year operating expenses.

**Note 11 - Pending Litigation:**

The Board is involved in a number of legal proceedings and claims, involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

**Note 12 - Restatement of Beginning Fund Balance:**

The fund balance at the beginning of the year of the following funds required restatement:

| | General Current Expense Fund | Special Revenue Fund |
|---|---|---|
| Fund balance at June 30, 2014, as previously stated | $ 26,400,558 | $ - |
| Total Adjustments (See Below) | 79,930 | 2,735,385 |
| Fund balance at June 30, 2014, Restated | $ 26,480,488 | $ 2,735,385 |

The adjustments consisted of the following:

General Current Expense Fund:

The Board's Statement of Activities for June 30, 2014, shows prior year adjustment – change in procedure and corrections of $2,815,315. Of this amount $79,930 was a correction of the June 30, 2013, statement. At the date of last year's statements, it was the Board's position that $79,930 should be paid back to Medicaid due to an overpayment based on our billing. After the audit of the June 30, 2013, statements, the Board learned the billing was correct and no repayment was needed.

Special Revenue Fund:

The Board's Statement of Activities for June 30, 2014, shows prior year adjustment – change in procedure and corrections of $2,815,315. Of this amount $2,735,385, was a restatement due to a change in the regulatory agency's prescribed procedure previously requiring restricted special revenue funds to be classified in the liability section of the balance sheet as deferred revenue. Those types of balances are now recorded in the equity section of the balance sheet as restricted funds.

## Note 13 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2014, are as follows:

| Fund Balances | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund |
|---|---|---|---|---|---|
| **Restricted:** | | | | | |
| Special Projects | $ - | $ 2,267,998 | $ - | $ - | $ - |
| Capital Projects | - | - | - | 4,402,139 | 3,723,599 |
| Debt Service | - | - | $ 5,233,199 | - | - |
| **Committed:** | | | | | |
| Matching SBA Capital | - | - | - | - | 4,476,804 |
| **Assigned:** | | | | | |
| Medicaid | 1,957,619 | - | - | - | - |
| Equipment Operations | 100,000 | - | - | - | - |
| E-Rate Technology | 121,886 | - | - | - | - |
| Health Care | 11,808 | - | - | - | - |
| Summer School | 40,000 | - | - | - | - |
| Beginning Balance | 4,140,000 | - | - | - | - |
| Capital Beverly Hills | 3,100,000 | - | - | - | - |
| **Encumbrance:** | | | | | |
| Instruction | 717,648 | - | - | - | - |
| Support Service - Student | 16,688 | - | - | - | - |
| Support Service - Instructional | 156,633 | - | - | - | - |
| Administration | 127,372 | - | - | - | - |
| School Administration | 14,830 | - | - | - | - |
| Support Central | 85,167 | - | - | - | - |
| Operation and Maintenance | 851,065 | - | - | - | - |
| Transportation | 284,116 | - | - | - | - |
| Community | 55,000 | - | - | - | 7,079,630 |
| **Unassigned:** | 18,217,898 | - | - | - | - |
| Total Fund Balances | $29,997,730 | $ 2,267,998 | $ 5,233,199 | $4,402,139 | $15,280,033 |

**Note 14 - Commitments, Contingencies, and Subsequent Events:**

The Board had encumbrances in each fund balance as of June 30, 2014, as listed below:

| | |
|---|---|
| General Revenue Fund | $2,308,519 |
| Permanent Improvements Fund | $1,175,015 |
| Capital Projects Fund | $7,913,874 |
| Special Revenue Fund | $1,217,046 |

Encumbrances are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

As of June 30, 2014, the following commitments either classified as committed and/or restricted for construction and other capital improvements existed, which are included in the Fund balances reflected in the accompanying financial statements:

| | |
|---|---|
| Permanent Improvement Fund | $ 4,402,139 |
| Capital Projects Fund | $ 8,200,403 |

Under the terms of certain federal grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Board's financial statements. Management of the Board believes that the Board is in compliance with applicable laws and regulations, in all material respects. Based on prior experience, the Board believes such disallowances, if any, would be immaterial.

For the fiscal year ended June 30, 2014, Medicaid school-based health services revenue was recognized in accordance with fee-for-service billing as in prior years by the Board. However, the Centers for Medicare and Medicaid Services (CMS) have required the West Virginia Department of Health and Human Services (DHHR) to revise the school-based health services portion of the Medicaid State Plan. When implemented, revenue will be recognized based on an estimated annual cost settlement. Based on the current negotiations between CMS and DHHR, the anticipated effective date of the revised methodology will be July I, 2014. However, the possibility exists that CMS may require an earlier effective date. If the July 1, 2014, effective date is not approved by CMS, the Medicaid revenue amounts for the fiscal year ended June 30, 2014, could be significantly different than the amounts currently presented.

The Board owns various buildings which are known to contain asbestos and/or other environmental issues. The Board is not required by federal, state or local law to remove the asbestos from its buildings. The Board is required under federal environmental health and safety regulations to manage the presence of asbestos and other environmental issues in its buildings in a safe condition. The Board addresses its responsibility to manage the presence of asbestos and other environmental issues in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. The Board also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

**Note 15 - Interfund Balances and Transfers:**

The composition of interfund balances as of June 30, 2014, is as follows:

| Receivable From | Payable To | Amount |
|---|---|---|
| General Current Expense | Special Revenue | $ 2,912,452 |
| General Current Expense | Capital Projects | 3,135,326 |
| Special Revenue | General Current Expense | 95,047 |
| Total Transfers | | $ 6,142,825 |

Interfund Transfers

During 2014, the General Fund transferred monies to the Special Revenue Fund and the Capital Projects Fund to move unrestricted revenue, collected in the General Current Expense Fund to finance programs accounted for in these Funds in accordance with budgetary authorization. The Special Revenue Fund reimbursed the General Fund an amount from indirect costs.

**Note 16 - Major Sources of Revenue:**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

# REQUIRED SUPPLEMENTARY INFORMATION

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL CURRENT EXPENSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Origiual | Final | Amounts | Basis | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Property taxes | $ 42,579,263 | $ 42,715,372 | $ 44,752,484 | $ - | $ 44,752,484 | $ 2,037,112 |
| Other local sources | 360,772 | 1,049,479 | 1,720,997 | - | 1,720,997 | 671,518 |
| State sources | 80,691,021 | 81,245,646 | 81,252,671 | - | 81,252,671 | 7,025 |
| Federal sources | 1,440,854 | 1,440,854 | 1,978,911 | - | 1,978,911 | 538,057 |
| **Total revenues** | 125,071,910 | 126,451,351 | 129,705,063 | - | 129,705,063 | 3,253,712 |
| **Expenditures:** | | | | | | |
| Instruction | 76,437,791 | 80,015,145 | 74,680,932 | (44,425) | 74,636,507 | 5,378,638 |
| Supporting services: | | | | | | |
| Students | 5,903,451 | 5,895,278 | 5,478,719 | (3,528) | 5,475,191 | 420,087 |
| Instructional staff | 3,640,172 | 4,493,537 | 3,819,062 | (1,446) | 3,817,616 | 675,921 |
| General administration | 1,603,532 | 1,978,128 | 1,442,912 | (246) | 1,442,666 | 535,462 |
| School administration | 7,064,079 | 6,953,964 | 6,638,817 | (3,565) | 6,635,252 | 318,712 |
| Central services | 1,984,896 | 2,128,041 | 1,644,625 | (678) | 1,643,947 | 484,094 |
| Operation and maintenance of facilities | 15,845,606 | 16,490,174 | 15,882,190 | (6,648) | 15,875,542 | 614,632 |
| Student transportation | 9,222,452 | 9,901,157 | 8,680,482 | (6,138) | 8,674,344 | 1,226,813 |
| Food services | - | 10,576 | 9,274 | - | 9,274 | 1,302 |
| Community services | 1,992,801 | 2,130,913 | 1,958,077 | - | 1,958,077 | 172,836 |
| **Total expenditures** | 123,694,780 | 129,996,913 | 120,235,090 | (66,674) | 120,168,416 | 9,828,497 |
| Excess (deficiency) of revenues over expenditures | 1,377,130 | (3,545,562) | 9,469,973 | 66,674 | 9,536,647 | 13,082,209 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | - | 95,047 | - | 95,047 | 95,047 |
| Transfers (out) | (3,517,778) | (6,047,778) | (6,047,778) | - | (6,047,778) | - |
| **Total other financing sources (uses)** | (3,517,778) | (6,047,778) | (5,952,731) | - | (5,952,731) | 95,047 |
| **Change in fund balances** | (2,140,648) | (9,593,340) | 3,517,242 | 66,674 | 3,583,916 | 13,177,256 |
| **Fund balances - beginning** | 26,400,558 | 26,400,558 | 26,400,558 | - | 26,400,558 | - |
| **Prior period adjustment** | - | - | 79,930 | - | 79,930 | - |
| **Fund balances - beginning, as restated** | 26,400,558 | 26,400,558 | 26,480,488 | - | 26,480,488 | - |
| **Fund balances - ending** | $ 24,259,910 | $ 16,807,218 | $ 29,997,730 | $ 66,674 | $ 30,064,404 | $ 13,177,256 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Local sources | $ 1,286,934 | $ 1,086,319 | $ 1,054,889 | $ - | $ 1,054,889 | $ (31,430) |
| State sources | 3,973,441 | 5,961,482 | 5,953,637 | - | 5,953,637 | (7,845) |
| Federal sources | 13,693,901 | 21,125,731 | 15,991,268 | - | 15,991,268 | (5,134,463) |
| **Total revenues** | 18,954,276 | 28,173,532 | 22,999,794 | - | 22,999,794 | (5,173,738) |
| **Expenditures:** | | | | | | |
| Instruction | 6,261,006 | 15,667,252 | 11,839,196 | - | 11,839,196 | 3,828,056 |
| Supporting services: | | | | | | |
| Students | 352,278 | 1,010,852 | 864,408 | - | 864,408 | 146,444 |
| Instructional staff | 1,177,587 | 3,928,222 | 2,446,730 | - | 2,446,730 | 1,481,492 |
| School administration | 87,759 | 223,577 | 188,780 | - | 188,780 | 34,797 |
| Central service | 13,466 | 78,480 | 16,326 | - | 16,326 | 62,154 |
| Operation and maintenance of facilities | - | 113,763 | 109,442 | - | 109,442 | 4,321 |
| Student transportation | 998,614 | 1,163,534 | 1,018,289 | - | 1,018,289 | 145,245 |
| Food services | 8,733,747 | 9,995,689 | 9,746,452 | - | 9,746,452 | 249,237 |
| Community services | - | 185,255 | 54,963 | - | 54,963 | 130,292 |
| Capital outlay | - | 84,675 | - | - | - | 84,675 |
| **Total expenditures** | 17,624,457 | 32,451,299 | 26,284,586 | - | 26,284,586 | 6,166,713 |
| Excess (deficiency) of revenues over expenditures | 1,329,819 | (4,277,767) | (3,284,792) | - | (3,284,792) | 992,975 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 3,517,778 | 3,104,451 | 2,912,452 | - | 2,912,452 | (191,999) |
| Transfers (out) | - | (155,613) | (95,047) | - | (95,047) | 60,566 |
| **Total other financing sources (uses)** | 3,517,778 | 2,948,838 | 2,817,405 | - | 2,817,405 | (131,433) |
| **Change in fund balances** | 4,847,597 | (1,328,929) | (467,387) | - | (467,387) | 861,542 |
| **Fund balances - beginning** | - | - | - | - | - | - |
| **Prior period adjustment** | - | - | 2,735,385 | - | | |
| **Fund balances - beginning, as restated** | - | - | 2,735,385 | - | - | - |
| **Fund balances - ending** | $ 4,847,597 | $ (1,328,929) | $ 2,267,998 | $ - | $ (467,387) | $ 861,542 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | Basis | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Local sources | $ 5,564,288 | $ 5,564,288 | $ 5,879,144 | $ - | $ 5,879,144 | $ 314,856 |
| State sources | - | - | 68,769 | - | 68,769 | 68,769 |
| **Total revenues** | 5,564,288 | 5,564,288 | 5,947,913 | - | 5,947,913 | 383,625 |
| **Expenditures:** | | | | | | |
| Debt service: | | | | | | |
| Principal retirement | 3,945,000 | 3,945,000 | 3,945,000 | - | 3,945,000 | - |
| Interest and fiscal charges | 1,619,288 | 1,619,288 | 1,618,356 | - | 1,618,356 | 932 |
| **Total expenditures** | 5,564,288 | 5,564,288 | 5,563,356 | - | 5,563,356 | 932 |
| Excess (deficiency) of revenues over expenditures | - | - | 384,557 | - | 384,557 | 384,557 |
| **Change in fund balances** | - | - | 384,557 | - | 384,557 | 384,557 |
| **Fund balances - beginning** | 4,848,642 | 4,848,642 | 4,848,642 | - | 4,848,642 | - |
| **Fund balances - ending** | $ 4,848,642 | $ 4,848,642 | $ 5,233,199 | $ - | $ 5,233,199 | $ 384,557 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Local sources | $ 1,481,629 | $ 1,481,629 | $ 1,612,497 | | $ 1,612,497 | $ 130,868 |
| Miscellaneous sources | - | - | 20,461 | - | 20,461 | 20,461 |
| **Total revenues** | 1,481,629 | 1,481,629 | 1,632,958 | - | 1,632,958 | 151,329 |
| **Expenditures:** | | | | | | |
| Capital outlay | 1,105,296 | 6,582,664 | 2,399,586 | - | 2,399,586 | 4,183,078 |
| Operation and maintenance of facilities | 376,333 | 391,333 | 323,601 | - | 323,601 | 67,732 |
| **Total expenditures** | 1,481,629 | 6,973,997 | 2,723,187 | - | 2,723,187 | 4,250,810 |
| Excess (deficiency) of revenues over expenditures | - | (5,492,368) | (1,090,229) | - | (1,090,229) | 4,402,139 |
| **Change in fund balances** | - | (5,492,368) | (1,090,229) | - | (1,090,229) | 4,402,139 |
| **Fund balances - beginning** | 5,492,368 | 5,492,368 | 5,492,368 | - | 5,492,368 | - |
| **Fund balances - ending** | $ 5,492,368 | $ - | $ 4,402,139 | $ - | $ 4,402,139 | $ 4,402,139 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| State sources | $ - | $ 9,277,077 | $ 3,832,990 | $ - | $ 3,832,990 | $ (5,444,087) |
| **Total revenues** | - | 9,277,077 | 3,832,990 | - | 3,832,990 | (5,444,087) |
| **Expenditures:** | | | | | | |
| Capital outlay | - | 27,557,163 | 9,994,775 | - | 9,994,775 | 17,562,388 |
| Operation and maintenance of facilities | - | 19,435 | 14,545 | - | 14,545 | 4,890 |
| **Total expenditures** | - | 27,576,598 | 10,009,320 | - | 10,009,320 | 17,567,278 |
| Excess (deficiency) of revenues over expenditures | - | (18,299,521) | (6,176,330) | - | (6,176,330) | 12,123,191 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | 1,863,257 | 3,135,326 | - | 3,135,326 | 1,272,069 |
| Transfers (out) | - | - | - | - | - | - |
| **Total other financing sources (uses)** | - | 1,863,257 | 3,135,326 | - | 3,135,326 | 1,272,069 |
| **Change in fund balances** | - | (16,436,264) | (3,041,004) | - | (3,041,004) | 13,395,260 |
| **Fund balance - beginning** | 18,321,037 | 18,321,037 | 18,321,037 | - | 18,321,037 | - |
| **Fund balance - ending** | $ 18,321,037 | $ 1,884,773 | $ 15,280,033 | $ - | $ - | $ (1,884,773) |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

## A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.

2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

## B. Excess of Expenditures over Appropriations:

For the year ended June 30, 2014, expenditures did not exceed appropriations in any of the funds listed at the function level, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

# SUPPLEMENTARY INFORMATION

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Cash Balance 7/1/2013 | Revenues Received | Expenditures Paid | Cash Balance 6/30/2014 |
|---|---|---|---|---|
| ALTIZER ELEMENTARY | $ 30,880 | $ 35,378 | $ 31,280 | $ 34,978 |
| CENTRAL CITY ELEMENTARY | 154,808 | 35,598 | 42,831 | 147,575 |
| COX LANDING ELEMENTARY | 10,522 | 10,254 | 11,708 | 9,068 |
| CULLODEN ELEMENTARY | 17,200 | 23,604 | 27,061 | 13,743 |
| DAVIS CREEK ELEMENTARY | 39,562 | 41,014 | 34,535 | 46,041 |
| GENEVA KENT ELEMENTARY | 11,553 | 25,135 | 27,214 | 9,474 |
| GUYANDOTTE ELEMENTARY | 6,254 | 7,493 | 8,345 | 5,402 |
| HIGHLAWN ELEMENTARY | 18,899 | 37,882 | 34,574 | 22,207 |
| HITE SAUNDERS ELEMENTARY | 30,744 | 37,989 | 37,703 | 31,030 |
| MARTHA ELEMENTARY | 13,622 | 43,771 | 43,460 | 13,933 |
| MEADOWS ELEMENTARY | 10,717 | 18,177 | 15,333 | 13,561 |
| MILTON ELEMENTARY | 102,499 | 76,968 | 71,558 | 107,909 |
| NICHOLS ELEMENTARY | 13,429 | 62,132 | 54,291 | 21,270 |
| ONA ELEMENTARY | 22,796 | 46,208 | 40,455 | 28,549 |
| PEYTON ELEMENTARY | 15,622 | 9,932 | 14,064 | 11,490 |
| SALT ROCK ELEMENTARY | 24,907 | 18,758 | 22,255 | 21,410 |
| SOUTHSIDE ELEMENTARY | 45,002 | 42,134 | 56,078 | 31,058 |
| SPRING HILL ELEMENTARY | 9,913 | 22,815 | 17,804 | 14,924 |
| VILLAGE OF B'VILLE ELEMENTARY | 58,219 | 105,699 | 103,384 | 60,534 |
| BARBOURSVILLE MIDDLE | 103,666 | 196,114 | 205,175 | 94,605 |
| HUNTINGTON EAST MIDDLE | 56,237 | 87,899 | 80,384 | 63,752 |
| HUNTINGTON MIDDLE | 86,110 | 57,756 | 62,826 | 81,040 |
| MILTON MIDDLE | 99,089 | 180,917 | 180,263 | 99,743 |
| CABELL COUNTY CAREER TECH | 517,992 | 512,111 | 591,817 | 438,286 |
| CABELL MIDLAND HIGH | 233,275 | 623,723 | 603,312 | 253,686 |
| HUNTINGTON HIGH | 196,079 | 593,456 | 586,905 | 202,630 |
| **TOTAL** | $ 1,929,596 | $ 2,952,917 | $ 3,004,615 | $ 1,877,898 |

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Current Year | | | Levy To Date | | |
|---|---|---|---|---|---|---|
| | Estimated Per Levy Call | Actual | Variance | Estimated Per Levy Call | Actual | Variance |
| **Excess Levy Collections** | $ 19,865,101 | $ 25,509,521 | $ 5,644,420 | $ 79,460,404 | $ 96,697,716 | $ 17,237,312 |
| **Expenditures (County Specific Levy Call):** | | | | | | |
| **Professional Salary-** Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel and minimum salaries fixed by law and supplemental salaries. | 6,574,629 | 9,377,572 | 2,802,943 | 26,298,516 | 33,774,598 | 7,476,082 |
| **Service Salary** Including, but not limited to, service personnel salaries, salaries of service personnel in excess of 200 days, salaries for service personnel in excess of state funding limit, and minimum salaries fixed by law and supplemental salaries. | 2,027,544 | 2,711,312 | 683,768 | 8,110,176 | 10,062,279 | 1,952,103 |
| **Substitute** Including, but not limited to, professional aud service personnel substitute costs. | 681,809 | 1,061,458 | 379,649 | 2,727,236 | 3,532,008 | 804,772 |
| **Athletics** Including, but not limited to, salaries for coaches, intramural activities, and other costs associated with athletic programs and facilities. | 400,000 | 504,000 | 104,000 | 1,600,000 | 1,938,400 | 338,400 |
| **Personnel Taxes and Benefits** Including, but not limited to, FICA taxes, unemployment taxes, workers' compensation taxes, retirement, and other insurance, including dental and optical. | 2,861,350 | 3,605,301 | 743,951 | 11,445,400 | 13,866,102 | 2,420,702 |
| **Text Books, Supplies, Postage, Insurance and Travel** Including, but not limited to, printing, copying school, custodial, library, office, and health supplies, postage, textbooks, insurance and travel. | 1,944,359 | 1,989,377 | 45,018 | 7,777,436 | 8,531,333 | 753,897 |
| **Contracted Services** Including, but not limited to staff development, legal services, special education, pest management, financial audit, transportation department employees random drug and alcohol testing, student drug-testing, and fire alarm inspections. | 715,703 | 901,786 | 186,083 | 2,862,812 | 3,471,297 | 608,485 |
| **Construction, Repair and Maintenance** Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving and bus maintenance. | 1,132,398 | 1,426,821 | 294,423 | 4,529,592 | 5,487,600 | 958,008 |
| **Equipment and Rentals** Including, but not limited to, maintenance equipment, vehicle replacement, lab equipment, administrative equipment, school equipment, vacuums, copiers, transportation equipment, school copier rentals, computer leases, data communications Drivers Education car rentals, and communication equipment. | 1,523,110 | 1,888,357 | 365,247 | 6,092,440 | 7,350,230 | 1,257,790 |
| **Cabell County Public Library** The operation of the Cabell County Public Library as required by Section 5, Chapter 207, of the 1967 Acts of the West Virginia Legislature. | 1,211,816 | 1,559,703 | 347,887 | 4,847,264 | 5,910,088 | 1,062,824 |
| **Greater Huntington Park and Recreation District** The operation of the Greater Huntington Park and Recreation District as required by Section 7, Chapter 194, of the 1983 Acts of the West Virginia Legislature. | 374,797 | 483,834 | 109,037 | 1,499,188 | 1,826,227 | 327,039 |
| **Contingency and Other Expenses** Including, but not limited to, unforeseen expenses, commercial drivers licenses, and other miscellaneous expenses. | 417,586 | - | (417,586) | 1,670,344 | 947,554 | (722,790) |
| **Total Expenditures** | 19,865,101 | 25,509,521 | 5,644,420 | 79,460,404 | 96,697,716 | 17,237,312 |
| **Excess (Deficiency) of Collections over Expenditures** | $ - | $ - | $ - | $ - | $ - | $ - |

# OTHER INFORMATION

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Expenditures Paid |
|---|---|---|---|
| U.S. Department of Agriculture | | | |
| Passed Through West Virginia Department of Education | | | |
| Child Nutrition Cluster: | | | |
| National School Breakfast and Lunch Program | 10.555 | 88 | $ 5,066,088 |
| After School | 10.555 | 88 | 68,133 |
| Summer Food Program | 10.559 | 88 | 122,801 |
| Team Nutrition | 10.574 | 88 | 78,697 |
| Fresh Fruit and Vegetable Program | 10.582 | 88 | 147,956 |
| Donated Foods | 10.555 | 88 | 520,943 |
| Total U.S. Department of Agriculture | | | 6,004,618 |
| U.S. Department of Labor | | | |
| Passed Through West Virginia Department of Education | | | |
| Workforce Investment | 17.267 | 70 | 1,500 |
| Total U.S. Department of Labor | | | 1,500 |
| U.S. Department of Education | | | |
| Passed Through West Virginia Department of Education | | | |
| Adult Basic Education | 84.002 | 61 | 296,977 |
| Title I Grants to Local Educational Agencies | 84.010 | 41 | 5,982,564 |
| Vocational Education Basic Grants to States | 84.048 | 50 | 270,131 |
| Special Education Cluster: | | | |
| Special Education Grants to States | 84.027 | 43 | 2,598,327 |
| Special Education - Pre-School | 84.173 | 43 | 85,321 |
| Education for Homeless Children and Youth | 84.196 | 54 | 43,561 |
| English Language Acquisition Grants | 84.365 | 45 | 28,199 |
| 21st Century Community Learning Centers | 84.287 | 46 | 164,204 |
| Title II Improving Teacher Quality | 84.367 | 40 | 755,243 |
| Total U.S. Department of Education | | | 10,224,527 |
| U.S. Department of Health and Human Services | | | |
| Passed Through West Virginia Department of Education | | | |
| Policy Research | 93.293 | 49 | 204 |
| Total U.S. Department of Health and Human Services | | | 204 |
| Total Federal Financial Assistance Expended | | | $ 16,230,849 |

See Notes to the Schedule of Expenditures of Federal Awards.

CABELL COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cabell County Board of Education and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Food Distribution:**

The Cabell County Board of Education's non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of $520,943 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2014.

The Fyffe Jones Group, AC

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Cabell County Board of Education
Huntington, West Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Cabell County Board of Education's basic financial statements, and have issued our report thereon dated March 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cabell County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cabell County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cabell County Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



E-MAIL info@fja-cpas.com FAX lines: Ashland: 606-324-2823; Huntington: 304-525-4230; Portsmouth: 740-353-6724

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cabell County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
March 20, 2015

The Fyffe Jones Group, AC

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Cabell County Board of Education
Huntington, West Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the Cabell County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cabell County Board of Education's major federal programs for the year ended June 30, 2014. Cabell County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cabell County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Cabell County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Cabell County Board of Education's compliance.



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*Opinion on Each Major Federal Program*

In our opinion, the Cabell County Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the Cabell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cabell County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cabell County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
March 20, 2015

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Summary of Audit Results:**

*Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None Reported |
| Noncompliance material to financial statements? | No |

*Federal Awards*

| | |
|---|---|
| Internal control over major programs | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510 (a)? | No |

The Board had the following major federal award programs with CFDA numbers in parentheses for the year ended June 30, 2014:

Child Nutrition Cluster (10.555, 10.559, 10574 and 10.582)

Adult Basic Education (84.002)

Vocational Education Basic Grants to States (84.048)

21st Century Community Learning Centers (84.287)

The dollar threshold used for distinguishing between Type A and Type B programs was $486,925.

The Cabell County Board of Education qualified as a low-risk auditee under OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.*

**Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:**

No matters were reported.

**Findings and Questioned Costs Related to Federal Awards:**

No matters were reported.

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

There were no findings in the prior audit.

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## Economic and Demographic Data
## Cabell County, West Virginia

*(Source is WORKFORCE West Virginia except as otherwise provided)*

**Location**: Cabell County is located in western West Virginia

**County Seat**: City of Huntington

**The County**: The County is governed by, and generally acts through, The Cabell County Commission. The Commissioners of the County Commission are elected on a countywide basis.

**Commissioners:** Anne Yon, President
Nancy Cartmill
Bob Bailey

### Population

| Year | Cabell County | West Virginia | United States |
|---|---|---|---|
| 2014 | 97,109 | 1,850,326 | 318,857,056 |
| 2013 | 97,181 | 1,853,595 | 316,497,531 |
| 2012 | 96,935 | 1,856,313 | 314,112,078 |
| 2011 | 96,557 | 1,854,982 | 311,721,632 |
| 2010 | 96,319 | 1,854,176 | 309,347,057 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

### Per Capita Personal Income

| County | 2009 | 2013 | Rank in State In 2013 |
|---|---|---|---|
| United States | $39,379 | $44,765 | --- |
| West Virginia | $31,259 | $35,533 | --- |
| Cabell County | $32,644 | $35,779 | 11 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

### Largest Employers in County (March 2014)

| Employer |
|---|
| 1. St. Mary's Medical Center, Inc. |
| 2. Cabell Huntington Hospital, Inc. |
| 3. Cabell County Board of Education |
| 4. Marshall University |
| 5. University Physicians & Surgeons |
| 6. Huntington Alloys Corporation |
| 7. Wal-Mart Stores, Inc. |
| 8. DirecTV Customer Service, Inc. |
| 9. Alcon Research, LTD |
| 10. AMZN WVCS, LLC |

**Average Annual Unemployment Rates (%) – Not Seasonally Adjusted**

| Year | Cabell County | West Virginia | U.S. |
|---|---|---|---|
| 2014 | 5.5 | 6.5 | 6.2 |
| 2013 | 5.7 | 6.7 | 7.4 |
| 2012 | 6.5 | 7.5 | 8.1 |
| 2011 | 7.2 | 8.1 | 8.9 |
| 2010 | 7.2 | 8.7 | 9.6 |

Source: U.S. Department of Labor, Bureau of Labor Statistics

**Average Employment and Annual Wage**

| | Average Employment | | Average Weekly Wage | |
|---|---|---|---|---|
| | 2010 | 2014 | 2010 | 2014 |
| Cabell County | 51,376 | 50,962 | $709.54 | $761.54 |
| West Virginia | 692,305 | 701,817 | $725.04 | $790.25 |

**Average Annual Employment by Industry (2014)**

| Industry | Employment |
|---|---|
| Construction | 1,838 |
| Manufacturing | 4,606 |
| Trade, Transportation & Utilities | 9,750 |
| Information | 586 |
| Financial Activities | 1,812 |
| Professional & Business Services | 5,125 |
| Education & Health Services | 12,920 |
| Leisure & Hospitality | 5,854 |
| Other | 1,516 |
| Government | 7,316 |
| Unclassified | 38 |
| TOTAL | 51,376 |

**Wages Per Industry (2014) ($)**

| Industry | Total Wages | Average Weekly Wage |
|---|---|---|
| Construction | 88,803,635 | 929.14 |
| Manufacturing | 267,404,595 | 1,116.46 |
| Trade, Transportation & Utilities | 299,916,748 | 591.55 |
| Information | 30,640,314 | 1,005.52 |
| Financial Activities | 88,417,256 | 938.37 |
| Professional & Business Services | 173,615,210 | 651.46 |
| Education & Health Services | 626,192,790 | 932.06 |
| Leisure and Hospitality | 84,325,531 | 277.01 |
| Other Services | 37,565,068 | 476.52 |
| Government | 336,009,221 | 883.23 |
| Unclassified | 573,085 | 290.02 |
| TOTAL | 2,034,497,268 | 761.54 |

**Total Wages ($)**

| Year | Cabell County | West Virginia |
|---|---|---|
| 2014 | 2,034,497,268 | 28,839,679,821 |
| 2013 | 1,981,489,896 | 28,288,565,253 |
| 2012 | 1,986,116,573 | 28,231,076,644 |
| 2011 | 1,939,248,088 | 27,437,330,374 |
| 2010 | 1,880,273,847 | 26,100,976,332 |

**APPENDIX C**

**Proposed Form of Legal Opinion**

September __, 2015

$_____
The Board of Education of the County of Cabell (West Virginia)
Public School Refunding Bonds, Series 2015

The Board of Education of the
County of Cabell
Huntington, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $_____ Public School Refunding Bonds, Series 2015 (the "Bonds"), of Cabell County School District, by and through The Board of Education of the County of Cabell, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated September __, 2015, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on June 1 in years and amounts, bear interest payable each June 1 and December 1, commencing May 1, 2016, at the rates set forth in the Official Statement of the Issuer, dated September __, 2015.

The Bonds are being issued to provide funds, along with other funds from accounts established for the Series 2006 Bonds, as hereinafter defined, to provide for the current refunding of the Issuer's Public School Bonds, Series 2006 issued in the original aggregate principal amount of $60,455,000 ("Series 2006 Bonds") of which $29,260,000 is outstanding. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on January 28, 2006, the issuance of bonds in an amount of up to $60,455,000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of paying the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. The Series 2006 Bonds were issued pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Bond Act") and the proceeds of such bonds were used to pay the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. Proceeds of the Series 2006 Bonds were also used to pay legal, consulting and other professional fees, printing and other issuance costs.

The Bonds are being issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, as amended (the "Refunding Act" and collectively with the Bond Act, the "Act") and a resolution and order of the Issuer adopted on May 5, 2015 (the "Resolution").

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and

other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

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

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

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

**APPENDIX D**

## Book-Entry Only System

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

## Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (this "Agreement") dated as of September _, 2015, is by and between the Board of Education of the County of Cabell (the "Board") and United Bank, Inc., Charleston, West Virginia, as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the $_____ The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Series 2015 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on May 5, 2015, authorizing issuance of the Series 2015 Bonds (the "Resolution"). The Board agrees as follows:

**SECTION 1**. Purpose of Agreement. This Agreement is being executed and delivered by the Board and the Disclosure Agent for the benefit of the holders and beneficial owners of the Series 2015 Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2015 Bonds in Appendix A entitled "Audit Report of Cabell County Board of Education for Fiscal Year Ended June 30, 2015," which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Board's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated September __, 2015, entered into between Piper Jaffray & Co. (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2015 Bonds from the Board upon the terms set forth therein.

"Disclosure Agent" shall initially mean United Bank, Inc., Charleston, West Virginia, and any later appointed Disclosure Agent or any successor Disclosure Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Disclosure Representative" shall mean the Treasurer of the Board.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2015 Bonds who are required to comply with the Rule in connection with offering of the Series 2015 Bonds.

"Repository" shall mean each National Repository.

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

"Series 2015 Bonds" shall mean the $_____ The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015.

**SECTION 3.** Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than one year after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2015 (FY 2015), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

**SECTION 4.** Content of Annual Financial Information and Audited Financial Statements. Within one year of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2015 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other events affecting the tax status of the Series 2015 Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Series 2015 Bond, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Board[3];

13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

[3] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

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

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

**SECTION 6.** Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2015 Bonds. If such termination occurs prior to the final maturity of the Series 2015 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

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

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board with respect to the Series 2015 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2015 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2015 Bonds.

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

**SECTION 9.** Additional Information. Nothing in this Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

**SECTION 10.** Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2015 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**SECTION 11.** Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

| | |
|---|---|
| To the Board: | The Board of Education of the County of Cabell<br>2850 5th Ave.<br>Huntington, WV 25702 |
| To the Disclosure Agent: | United Bank, Inc., Wheeling, West Virginia<br>Trust Department<br>500 Virginia Street<br>Charleston, WV 25301 |

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 12.** Beneficiaries. This Agreement shall inure solely to the benefit of the Board, the Disclosure Agent, the Underwriter and holders and beneficial owners from time to time of the Series 2015 Bonds, and shall create no rights in any other person or entity.

**SECTION 13.** Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 14.** Fees. The Board agrees to pay all fees and expenses of the Disclosure Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Disclosure Agent's duties.

**SECTION 15.** Right to Resign. The Disclosure Agent may resign at any time by providing thirty (30) days' written notice to the Board.

**SECTION 16.** Right to Counsel. The Disclosure Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

**SECTION 17.** Duties of Disclosure Agent. The Disclosure Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Disclosure Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Disclosure Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Disclosure Agent in its individual capacity may be sold or otherwise transferred, shall be the Disclosure Agent under this Agreement without further act. Anything in this Agreement to the contrary notwithstanding, in no event shall the Disclosure Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Disclosure Agent has been advised of such loss or damage and regardless of the form of action. The Board will, for the benefit of the Disclosure Agent and Disclosure Agent's employees, directors, agents, subsidiaries, affiliates, successors and assigns, assume all liability and/or be responsible to pay for any and all claims, demands, causes of action, losses, damages, liabilities, penalties, costs and expenses (including reasonable attorney's fees) relating to this Agreement, to the extent assessed by a court of competent jurisdiction.

**IN WITNESS WHEREOF**, the Board and the Disclosure Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____

United Bank, Inc., Charleston, West Virginia, as Disclosure Agent

By: _____

Its: _____

Date: _____, 2015

**EXHIBIT A**

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: $_____ The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Date of Bond Issue: _____, 2015

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Series 2015 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of _____, 2015, to be provided. The Board anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

United Bank, Inc., Charleston, West Virginia, as Disclosure Agent
on behalf of the Board

cc: Board

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**NEW ISSUE**
**BOOK-ENTRY ONLY**

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

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

Achieve Your Dreams
CABELL COUNTY
SCHOOLS

# $29,120,000
# THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA)
## Public School Refunding Bonds, Series 2015

**Dated: Date of Delivery** **Due: May 1, as shown below**

The Public School Refunding Bonds, Series 2015 (the "Bonds") are being issued by the Board of Education of the County of Cabell, West Virginia (the "Board") pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act') for the purposes of (i) advance refunding and redeeming in full the Board's Public School Bonds, Series 2006, issued in the original principal amount of $60,455,000 and currently outstanding in the aggregate principal amount of $29,260,000 (the "Bonds to be Refunded") and (ii) paying the costs of issuance of the Bonds.

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

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

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

Interest on the Bonds will be payable May 1, 2016 and semiannually thereafter each May 1 and November 1 in each year to maturity. The principal of and interest on the Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM"

The Bonds are not subject to redemption.

### MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

| Maturing (May 1) | Principal Amount ($) | Interest Rate (%) | Yield (%) | CUSIP* |
|---|---|---|---|---|
| 2016 | 4,845,000 | 5.00% | 0.41% | 12681CCR3 |
| 2017 | 4,420,000 | 5.00% | 0.76% | 12681CCS1 |
| 2018 | 4,640,000 | 5.00% | 1.09% | 12681CCT9 |
| 2019 | 4,875,000 | 5.00% | 1.40% | 12681CCU6 |
| 2020 | 5,120,000 | 2.00% | 1.67% | 12681CCV4 |
| 2021 | 5,220,000 | 2.00% | 1.93% | 12681CCW2 |

The Bonds are offered for delivery when, as and if issued, subject to approval of legality by Steptoe & Johnson PLLC, Huntington, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Steptoe & Johnson PLLC, Huntington, West Virginia, Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by White Law Offices, PLLC, Charleston, West Virginia, as Counsel to the Underwriter. It is expected that the Bonds will be available for delivery to DTC, New York, New York on or about October 6, 2015.

PiperJaffray®

Dated: September 17, 2015

**$29,120,000**
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

## ELECTED OFFICIALS

Ms. Suzanne McGinnis Oxley, President
Ms. Mary Neely, Vice President
Ms. Karen Nance, Board Member
Mr. Garland "Skip" Parsons, Board Member
Ms. Rhonda Smalley, Board Member

## APPOINTED OFFICIALS

William A. Smith, Superintendent
Mr. Todd Alexander, Assistant Superintendent / Leadership Development
Mrs. James Colegrove, Assistant Superintendent/ Operations
Mr. Jeff Smith Assistant Superintendent/ School Improvement
Conrad G. Lucas, Treasurer

## BOARD'S COUNSEL

Steptoe & Johnson PLLC
Huntington, West Virginia

## BOND COUNSEL

Steptoe & Johnson PLLC
Huntington, West Virginia

## UNDERWRITER

Piper Jaffray & Co.
Charleston, West Virginia

## UNDERWRITER'S COUNSEL

White Law Offices, PLLC
Charleston, West Virginia

* CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included on this cover page solely for the convenience of the Owners of the Bonds only at the time of issuance of the Bonds. Neither the Underwriter nor the Board makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

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

The information contained in this Official Statement has been obtained by the Underwriter from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board.

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

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

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

**Forward-Looking Statements**

This Preliminary Official Statement, and particularly the information contained in the caption "CABELL COUNTY SCHOOL DISTRICT" and "CERTAIN FINANCIAL INFORMATION" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

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**OFFICIAL STATEMENT**
**RELATING TO**

**$29,120,000**
**The Board of Education of the**
**County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

## INTRODUCTION

This Official Statement provides certain information in connection with the sale of $29,120,000 in aggregate principal amount of The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Bonds"). A brief description of The Board of Education of the County of Cabell, West Virginia (the "Board"), the Cabell County School District (the "School District") and the County of Cabell, West Virginia (the "County" or "Cabell County"), with which the School District is coterminous, is provided, together with a description of the Bonds and sources of payment therefor.

The Bonds are being issued to provide funds to provide for the advance refunding of the Board's Public School Bonds, Series 2006 issued in the original aggregate principal amount of $60,455,000 ("Series 2006 Bonds") of which $29,260,000 is outstanding and all of which will be refunded by the Bonds. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on January 28, 2006, the issuance of the Series 2006 Bonds in an amount of up to $60,455,0000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved.

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.

Other than the Series 2006 Bonds, the Board has no other outstanding bonds.

## THE BONDS

General

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

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

Interest on the Bonds will be payable May 1, 2016 and semi-annually thereafter (each May 1 and November 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at the address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

No Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Authority and Purpose

In accordance with Article X, Sections 8 and 10, of the Constitution of the State of West Virginia (Section 10 is referred to as the "Better Schools Amendment") and the Bond Act, county boards of education may, with the consent of at least a simple majority of the voters voting at an election on such questions, issue bonds for specified purposes an amount which, when added to the aggregate indebtedness then outstanding, will not exceed 5% of the most recent assessed valuation of taxable property in the school district. Article X, Section 8 of the Constitution and Sections 20 and 34 of the Bond Act require the annual levy and collection of a tax sufficient to pay the principal of and interest on such bonds. Pursuant to the Better Schools Amendment, the tax levy required to pay the principal of and interest on such bonds is laid separate and apart and in addition to the maximum levy rates otherwise authorized by law. Pursuant to the Bond Act and orders and resolutions duly entered and adopted by the Board, the issuance of bonds up to the amount of $60,455,000 and the levy of taxes sufficient to pay principal of and interest on such bonds were authorized and approved at a special election by 55.5% of the participating voters. Proceeds of the Series 2006 Bonds were applied, together with certain funds received by the Board from the State of West Virginia (the "State") and other sources, to provide funds for making certain improvements in the School District. The ballot question limited the term of the bonds to fifteen and a half (15.5) years from their date and limited the rate of interest on the bonds to a rate not exceeding 7.0% per annum. Pursuant to the Bond Act, the Series 2006 Bonds were issued on June 6, 2006 and designated Public School Bonds, Series 2006.

The Board is issuing the Bonds pursuant to Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act") and a resolution and order of the Board adopted on May 5, 2015 (the "Resolution"). The Board is issuing the Bonds for the purpose of advance refunding the Series 2006 Bonds. In accordance with the provisions of the Refunding Act, debt service on the Bonds will not exceed in each year the amount of taxes expected to be available for payment of such debt service in accordance with the terms approved by the voters. The Series 2006 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 2006 Bonds will become surplus funds as a result of the advance refunding and will be available for release to the Board.

Plan of Financing

Proceeds of the Bonds in the amount of $30,414,642.11 will be applied to the funding of an escrow to advance refund the Series 2006 Bonds. Such proceeds will be used to pay the interest on the Series 2006 Bonds each November 1 and May 1, commencing November 1, 2015, and May 1, 2016, to pay the maturing principal of the Series 2006 Bonds on May 1, 2016 in the amount of $4,300,000, and to pay the redemption price of the remaining maturities of the Series 2006 Bonds called for redemption in the amount of $24,930,000 (the "Redemption Price") on May 1, 2016 (the "Redemption Date"). The above referenced funds in the total amount of $30,414,642.11, together with the earnings thereon, will be held by the Bond Commission, as Escrow Agent under an Escrow Agreement to be entered into on or about October 6, 2015 (the "Escrow Agreement"), by and among the Board and the Bond Commission. During the period in which the proceeds of the Bonds are deposited with the Bond Commission pursuant to the Escrow Agreement (except amounts necessary for costs of issuance), such funds will be invested in Investment Obligations (the "Obligations"). The maturing principal of and interest on the Obligations are not pledged to and will not be available to pay the Bonds.

Sources and Uses of Funds

Sources

| | | |
|---|---|---|
| Principal Amount of the Bonds | | $29,120,000.00 |
| Original Issue Premium | | $1,578,487.85 |
| | TOTAL | $30,698,487.85 |

Uses

| | | |
|---|---|---|
| Deposit to Escrow Fund [1] | | $30,414,642.11 |
| Underwriter's Discount | | $175,600.00 |
| Costs of Issuance[2] | | $108,245.74 |
| | TOTAL | $30,698,487.85 |

Nature of Obligation, Security and Source of Payments

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

Debt Administration

Pursuant to Chapter 13, Article 3 of the Code of West Virginia, Bond Commission shall serve as fiscal agent for all issuers of general obligation bonds issued by counties, municipalities, and school districts of the State and is charged with the administration of the interest and sinking funds created to service the debt. The proceeds of taxes levied for debt service by the Board are collected by the Sheriff, who remits the proceeds to the Board Treasurer, who forwards the proceeds thereof to the Bond Commission. The Bond Commission is required by law to render annually to each political subdivision having outstanding bonds a statement showing the levy required to pay the interest on and create a sinking fund for the retirement of the outstanding bonds. The Bond Commission customarily sets the levy rates at 110% of the annual principal and interest required so as to provide a margin to cover the statutory 2 1/2% discount for early payment of taxes and any attrition occasioned 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 2015 Budget Bill is indicative:

> Sec. 16. 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.

[1] The amount set forth in the Escrow Agreement as required, together with the income thereon and funds transferred from accounts established for the Series 2006 Bonds to effect the advance refunding of the Series 2006 Bonds as described herein.
[2] Includes fees and expenses of Rating Agency, Bond Counsel, Underwriter's Counsel, printing, Accountants' Verification Report, Registrar, disclosure agent and miscellaneous expenses.

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

## CABELL 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 2016, the terms of 2 members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2014-2015, the Cabell County school system had a central office professional staff of 26 with the overall responsibility to coordinate and supervise the activities of 37.5 school administrators, 1,047.10 instructional staff (teachers and other professionals), and 588.5 service personnel. Total Full Time Equivalent positions are 1,699.10. The average pupil-teacher ratio for the 2014-2015 school year was 14.72 to 1 (combined elementary, middle and secondary schools).

Historical School Enrollment (School Year)

| Grades | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Pre-K Universal | 741 | 766 | 758 | 803 | 793 |
| K | 971 | 1016 | 1100 | 1036 | 1045 |
| 1 | 996 | 983 | 981 | 1012 | 1024 |
| 2 | 948 | 955 | 950 | 970 | 986 |
| 3 | 934 | 950 | 938 | 942 | 989 |
| 4 | 982 | 941 | 943 | 940 | 931 |
| 5 | 938 | 968 | 932 | 932 | 963 |
| 6 | 934 | 956 | 975 | 942 | 947 |
| 7 | 944 | 930 | 961 | 984 | 929 |
| 8 | 888 | 921 | 889 | 954 | 985 |
| 9 | 940 | 989 | 998 | 945 | 952 |
| 10 | 887 | 892 | 976 | 959 | 937 |
| 11 | 820 | 816 | 782 | 874 | 878 |
| 12 | 777 | 797 | 796 | 740 | 845 |
| Total | 12,700 | 12,880 | 12,979 | 13,034 | 13,204 |

| Rate of Increase (Decrease) in Enrollment | |
|---|---|
| 2011-2015 | 3.97% |
| Annualized | .98% |

Source: Cabell County Board of Education

Projected Enrollment (School Year)

| Year | Enrollment |
|---|---|
| 2016 | 13,333 |
| 2017 | 13,393 |
| 2018 | 13,393 |

Source: Cabell County Board of Education

Facilities

| School | Grades | Construction Type | Construction Date | Renovation or Addition And Date |
|---|---|---|---|---|
| Altizer Elementary | PK-5 | Joint Masonry | 1951 | 1962, 1970 |
| Central City Elementary | PK-5 | Masonry Non Combustible | 2002 | |
| Cox Landing Elementary | PK-5 | Masonry Non Combustible | 1939 | 1985 |
| Culloden Elementary | PK-5 | Masonry Non Combustible | 1939 | 2000-2015 |
| Davis Creek Elementary | PK-5 | Joint Masonry | 1958 | 1966 |
| Geneva Kent Elementary | PK-5 | Joint Masonry | 1939 | 1966-1970 |
| Guyandotte Elementary | PK-5 | Masonry Non Combustible | 1999 | |
| Highlawn Elementary | PK-5 | Joint Masonry | 1951 | 1991 |
| Hite Saunders Elementary | PK-5 | Joint Masonry | 1956 | 1957-1972 |
| Martha Elementary | PK-5 | Modified Fire Resistive | 2008 | |
| Meadows Elementary | PK-5 | Joint Masonry | 1939 | 1974 |
| Milton Elementary | PK-5 | Masonry Non Combustible | 1950 | 1970-2000 |
| Milton Pre-K | PK | Joint Masonry | 1956 | 2010 |
| Nichols Elementary | PK-5 | Masonry Non Combustible | 1963 | 1971 |
| Ona Elementary | PK-5 | Joint Masonry | 1936 | 1999 |
| Salt Rock Elementary | PK-5 | Joint Masonry | 1939 | 1970-1978 |
| Southside Elementary | PK-5 | Masonry Non Combustible | 2010 | |
| Spring Hill Elementary | PK-5 | Masonry Non Combustible | 1981 | |
| Village of Barboursville Elementary | PK-5 | Modified Fire Resistive | 2002 | |
| Barboursville Middle | 6-8 | Masonry Non Combustible | 2008 | |
| Huntington Middle | 6-8 | Masonry Non Combustible | 2010 | |
| Huntington East Middle | 6-8 | Masonry Non Combustible | 2013 | |
| Milton Middle | 6-8 | Masonry Non Combustible | 2009 | |
| Cabell Midland HS | 9-12 | Masonry Non Combustible | 1994 | 2001 |
| Huntington HS | 9-12 | Masonry Non Combustible | 1996 | 2001 |
| CCCTC | 9-12 + Adult | Masonry Non Combustible | 1981 | |
| Barboursville Bus Garage | | Joint Masonry | 1950 | 1976-2004 |
| Cox Landing Bus Garage | | Modified Fire Resistive | 1967 | 2014 |
| Milton Bus Garage | | Joint Masonry | 1960 | |
| RESA II | | Masonry Non Combustible | 1964 | |
| Cabell Central Office/ Alternative School | 6-12, Central Office Personnel | Masonry Non Combustible | 1939 | 1999 |
| Peyton Elementary (Closed) | | Joint Masonry | 1939 | 1960 |
| Enslow Middle (Closed | | Masonry Non Combustible | 1917 | 1957 |
| Incubator School-Construction Renovation (Old BHMS) | | Masonry Non Combustible | 1954 | 1969-2015 |

Source: Cabell County Board of Education

Tax Collection Procedures

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

Tax Levies and Collections*

| Year | Projected Gross Tax ($) at 100% | Projected Net Tax Collected ($) at 92-93% Less Assessors Fee | Actual Collected ($) | Actual Collected (%) |
|---|---|---|---|---|
| 2011-2012 | | | | |
| General Current | 18,681,767 | 16,903,613 | 18,303,164 | 97.97% |
| Bond Levy | 5,839,357 | 5,560,236 | 5,876,870 | 100.64% |
| Excess Levy | 23,952,321 | 22,299,611 | 23,772,419 | 99.25% |
| Permanent Improvement | 1,565,510 | 1,416,503 | 1,522,708 | 97.27% |
| 2012-2013 | | | | |
| General Current | 19,480,261 | 17,315,428 | 18,975,799 | 97.41% |
| Bond Levy | 5,828,842 | 5,550,223 | 5,863,496 | 100.59% |
| Excess Levy | 24,976,089 | 23,007,974 | 24,982,516 | 100.03% |
| Permanent Improvement | 1,632,424 | 1,451,013 | 1,583,140 | 96.98% |
| 2013-2014 | | | | |
| General Current | 19,789,490 | 17,680,757 | 19,242,963 | 97.24% |
| Bond Levy | 5,837,347 | 5,558,322 | 5,879,144 | 100.72% |
| Excess Levy | 25,372,558 | 23,373,201 | 25,509,521 | 100.54% |
| Permanent Improvement | 1,658,339 | 1,481,629 | 1,612,497 | 97.24% |
| 2014-2015 | | | | |
| General Current | 20,197,549 | 17,999,309 | N/A | N/A |
| Bond Levy | 3,339,934 | 3,183,250 | N/A | N/A |
| Excess Levy | 25,895,740 | 23,855,156 | N/A | N/A |
| Permanent Improvement | 1,692,531 | 1,508,101 | N/A | N/A |
| 2015-2016 | | | | |
| General Current | 20,595,331 | 18,357,633 | N/A | N/A |
| Bond Levy | 5,545,783 | 5,280,695 | N/A | N/A |
| Excess Levy | 26,405,745 | 24,324,972 | N/A | N/A |
| Permanent Improvement | 1,725,865 | 1,538,297 | N/A | N/A |

Source: Cabell County Board of Education and WV Auditor

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The County Commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment, the commission certifies and returns the property books to the assessor. Appeal of any assessment which was protested to the board of equalization and review may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. A taxpayer can elect to have its protest of an assessment heard by the county commission sitting as a board of assessment appeals in October, rather than by the county commission sitting as a board of equalization and review in February. In order to utilize this option the taxpayer must pay the disputed taxes. The assessor annually, not later than March 3, must furnish a certified statement to certain governmental bodies in the county, including the board of education, showing the aggregate value of all real and personal property. During the month of March the county commissions, the county boards of education and municipal governments prepare their budgets for the fiscal year which begins the following July. After these budgets are approved, these governments officially set the tax rate for the coming year sufficient to pay budgeted expenses not expected to be paid from other sources. For example, the 2015 assessment year valuations are made as of July 1, 2014, with taxes levied and collected during the fiscal year July 1, 2015, through June 30, 2016.

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

Property Classification

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

Assessed Valuations

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

Assessed Valuation By Property Class*

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 0 | 0 | 0 | 0 | 0 |
| II | 1,312,182,906 | 1,330,655,584 | 1,333,070,050 | 1,359,837,673 | 1,380,301,190 |
| III | 869,893,345 | 937,201,789 | 927,636,995 | 960,611,833 | 984,097,878 |
| IV | 1,083,200,446 | 1,118,357,319 | 1,169,723,230 | 1,180,356,003 | 1,198,374,147 |
| Total | 3,265,276,697 | 3,386,034,692 | 3,430,430,275 | 3,500,805,809 | 3,570,413,777 |

Assessed Valuation By Property Category*

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| Real | 2,157,041,020 | 2,202,673,440 | 2,235,147,600 | 2,278,663,080 | 2,320,321,960 |
| Personal | 828,261,477 | 888,240,920 | 885,674,964 | 901,239,641 | 914,952,225 |
| Public Utility | 279,974,200 | 295,120,602 | 309,607,711 | 320,902,788 | 335,139,592 |
| Total | 3,265,276,697 | 3,386,034,692 | 3,430,430,275 | 3,500,805,809 | 3,570,413,777 |

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

$187,667,424 in 2011 – 2012 $189,508,984 in 2012 – 2013 $191,572,262 in 2013 – 2014
$191,277,636 in 2014 – 2015 $190,489,518 in 2015 – 2016

Largest Assessed Valuations (Tax Year 2015 Class III and IV Properties only)

| Property Owner | Assessed Value ($) |
|---|---|
| Huntington Alloys Corporation* | $183,267,492 |
| Appalachian Power** | $121,322,333 |
| CSX Transportation** | $70,506,608 |
| SWVA, Inc.* | $51,181,321 |
| West Virginia American Water Co.** | $48,868,472 |
| Wal Mart* | $25,217,444 |
| AT&T Mobility** | $23,982,276 |
| Alcon Research* | $22,774,099 |
| Frontier West Virginia, Inc.** | $21,718,855 |
| Rubberlite Inc.* | $15,887,693 |

*Source: West Virginia Tax Department
**Source: West Virginia State Auditor's Office

Tax Rate Comparisons.

The following shows Cabell County property taxes in cents per $100 assessed valuation (this includes all state, county and school rates, in comparison with a few select surrounding counties), for Tax Year 2015; Fiscal Year 2015 - 2016.

Rates of Levy*

| County | Class I | Class II | Class III/IV |
|---|---|---|---|
| CABELL | 68.51 | 137.02 | 274.04 |
| Lincoln | 62.36 | 124.72 | 249.44 |
| Mason | 58.39 | 116.78 | 233.56 |
| Putnam | 62.91 | 125.82 | 251.64 |
| Wayne | 61.90 | 123.80 | 247.60 |

*Includes the total levy for State, County and schools in each County.
Source: West Virginia State Auditor

County Tax Rates

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

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

These rates of levy may not be exceeded except that a local levying body may provide for an election to increase such rates within the respective taxing unit at either a general or special election. If at least 60% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 50% by municipalities and counties. If at least 50% of the voters voting in the election cast their ballots in favor, property tax levy rates may be increased by up to 100% by boards of education. The increased levies may not continue for more than 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 – By Property Class (Source: West Virginia State Auditor)

Taxes for school purposes are uniform throughout the County. In accordance with Chapter 11, Article 8, Section 6c of the Code of West Virginia, 1931, as amended, the tax limit for school current expenses and school permanent improvement purposes combined is $0.2295 per $100 assessed valuation in respect to Class I, $0.4590 per $100 in respect to Class II, and $0.9180 per $100 in respect to Classes III and IV. By favorable vote of at least a simple majority of the voters in an election, the above limitations may be increased by up to 100% for a period of five years, after which an election must again be held. Further, a county board of education is required to levy outside the rates provided by Chapter 11, Article 8, Section 6c, sufficient to pay the principal and interest requirements on bonds issued by the school district not exceeding five percent of the assessed value of all taxable property in the school district, in the manner provided by the Better Schools Amendment.

School Current Levy (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 17.90 | 17.90 | 17.90 | 17.90 | 17.90 |
| II | 35.80 | 35.80 | 35.80 | 35.80 | 35.80 |
| III and IV | 71.60 | 71.60 | 71.60 | 71.60 | 71.60 |

School Permanent Improvement (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| III and IV | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |

School Excess Levy (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 22.95 | 22.95 | 22.95 | 22.95 | 22.95 |
| II | 45.90 | 45.90 | 45.90 | 45.90 | 45.90 |
| III and IV | 91.80 | 91.80 | 91.80 | 91.80 | 91.80 |

School Bonds (Cents Per $100)

| Class | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|---|---|---|---|---|
| I | 5.595 | 5.656 | 5.28 | 4.92 | 4.82 |
| II | 11.19 | 10.712 | 10.56 | 9.84 | 9.64 |
| III and IV | 22.38 | 21.424 | 21.12 | 19.6 | 19.28 |

Rates of Levy (Source: West Virginia State Auditor)

The tax rates for citizens of the County, including those imposed by the Board, in cents per $100 assessed valuation for the 2015-2016 fiscal year, are as follows:

| Tax Type | Class I | Class II | Class III/IV |
|---|---|---|---|
| State Current | 0.25 | 0.50 | 1.00 |
| County Current | 14.30 | 28.60 | 57.20 |
| County Excess | 6.79 | 13.58 | 27.16 |
| School Current | 17.90 | 35.80 | 71.60 |
| School Permanent Improvement | 1.50 | 3.00 | 6.00 |
| School Bonds | 4.82 | 9.64 | 19.28 |
| School Excess | 22.95 | 45.90 | 91.80 |

In addition to the rates of levy established for State, County and School purposes, the municipalities within the County have additional rates of levy in effect as shown in the following table, in cents per $100 assessed valuation for the 2015-2016 fiscal year.

| Municipality | Class I | Class II | Class IV |
|---|---|---|---|
| Barboursville | 18.75 | 37.50 | 75.00 |
| Milton | 11.37 | 22.74 | 45.48 |
| Huntington | 14.50 | 29.00 | 58.00 |
| Huntington Park Board | 1.50 | 3.00 | 6.00 |

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 (2014) | 97,109 |
| Assessed Valuation* | $3,570,415,777 |
| Debt Limit (5% of Assessed Valuation) | $178,520,788 |
| Outstanding Debt | $29,120,000 |
| Debt Contracting Margin | $149,400,788 |
| Per Capita Debt | $299.87 |
| Outstanding Debt as percentage of Assessed Valuation | 0.82% |

*Assessed Value is estimated to be approximately 60% of appraised or market value (Assessment Year 2015, Fiscal Year 2016).

Debt Service Requirements

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

Schedule of Bond Indebtedness

| Date | Principal | Interest | Semi-Annual Total | Annual Total |
|---|---|---|---|---|
| 11/1/2015 | | | | |
| 5/1/2016 | 4,845,000 | 652,469.44 | 5,497,469.44 | 5,497,469.44 |
| 11/1/2016 | | 451,775.00 | 451,775.00 | |
| 5/1/2017 | 4,420,000 | 451,775.00 | 4,871,775.00 | 5,323,550.00 |
| 11/1/2017 | | 341,275.00 | 341,275.00 | |
| 5/1/2018 | 4,640,000 | 341,275.00 | 4,981,275.00 | 5,322,550.00 |
| 11/1/2018 | | 225,275.00 | 225,275.00 | |
| 5/1/2019 | 4,875,000 | 225,275.00 | 5,100,275.00 | 5,325,550.00 |
| 11/1/2019 | | 103,400.00 | 103,400.00 | |
| 5/1/2020 | 5,120,000 | 103,400.00 | 5,223,400.00 | 5,326,800.00 |
| 11/1/2020 | | 52,200.00 | 52,200.00 | |
| 5/1/2021 | 5,220,000 | 52,200.00 | 5,272,200.00 | 5,324,400.00 |
| | 29,120,000 | 3,000,319.44 | 32,120,319.44 | 32,120,319.44 |

Overlapping Debt

There is no overlapping debt.

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## CERTAIN FINANCIAL INFORMATION

Description of Funds

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

*1. Debt Service Fund*

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

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

*2. Bond Construction Fund*

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

*3. Capital Projects Fund*

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

*4. General Current Expense Fund*

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

*5. Special Revenue Fund*

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

Investment of Certain Funds

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

Accounting Practices

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

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

Annual Audit

An annual audit of accounts is prepared by the State Auditor or an independent certified public accounting firm approved by the State Auditor. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX A - AUDIT REPORT OF CABELL COUNTY BOARD OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2014"

Budgetary Procedures

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

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

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

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

| | 2013* Actual ($) | 2014* Actual ($) | 2015 Budget ($) | 2016 Budget ($) |
|---|---|---|---|---|
| Revenues | | | | |
| Property Taxes | 43,958,315 | 44,752,484 | 43,484,770 | 43,894,949 |
| Other Local Sources | 1,768,970 | 1,720,997 | 950281.01 | 275,600 |
| State Sources | 81,226,602 | 81,252,671 | 81,875,459 | 66,722,323 |
| Federal Sources | 2,433,558 | 1,978,911 | 1,343,279 | 1,311,389 |
| Total Revenues Collected | 129,387,445 | 129,705,063 | 127,653,789 | 112,204,261 |
| Expenditures | | | | |
| Instruction | 73,663,069 | 74,680,932 | 80,931,623 | 67,909,423 |
| Supporting Services: | | | | |
| Students | 5,627,874 | 5,478,719 | 6,467,354 | 5,388,188 |
| Instructional Staff | 3,633,236 | 3,819,062 | 4,166,647 | 3,113,602 |
| Central Administration | 1,365,610 | 1,442,912 | 1,698,888 | 1,418,484 |
| School Administration | 6,701,630 | 6,638,817 | 7,086,538 | 5,933,136 |
| Business Administration | 1,651,792 | 1,644,625 | 2,133,038 | 1,904,403 |
| Operation & Maintenance of Facilities | 15,377,924 | 15,882,190 | 17,271,713 | 15,588,606 |
| Student Transportation | 8,393,213 | 8,680,482 | 9,775,343 | 8,651,752 |
| Food Services | 17,552 | 9,274 | 3,504 | |
| Community Services | 2,108,904 | 1,958,077 | 2,329,094 | 2,048,149 |
| Capital Outlay | 8,128 | 0 | 0 | 0 |
| Reserve | | | | |
| Total Expenditures | 118,548,932 | 120,235,090 | 131,863,743 | 111,955,742 |
| Excess (Deficiency) of Revenues over Expenditures | 10,838,513 | 9,469,973 | -4,209,954 | 248,519 |
| Total Other Financing Sources (Uses) | -13,599,418 | -5,952,731 | -7,909,834 | -2,866,361 |
| Net change in Fund Balance | -2,760,905 | 3,517,242 | -12,119,788 | N/A |
| Fund Balance - beginning | 29,161,463 | 26,400,558 | 29,997,730 | N/A |
| Restatement of Fund Balance | 0 | 79,930 | | N/A |
| Fund Balance - ending | 26,400,558 | 29,997,730 | 17,877,942 | N/A |

*Includes $67,849 OPEB Liabilities for Fiscal Year 2013 and $66,675 OPEB Liabilities for Fiscal Year 2014 .

Source: Cabell County Board of Education

Teachers Retirement Systems (Defined Benefit)

The Teachers Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2014, there are 35,724 active members and 34,000 retirees. The plan reopened for new members as of July 1, 2005.

Members contribute 6% of annual earnings. Employers contribute 15% or 7.5% of a member's annual earnings. A member who withdraws from service for any cause other than death, retirement or disability, may request the accumulated employee contributions plus interest be refunded. TRS provides retirement benefits, as well as death and disability benefits.

The most recent actuarial valuation of TRS was performed July 1, 2014 by Buck Consultants. The asset valuation method utilizes market value to place a value on assets. The actuarial cost method valuation utilized entry age cost with individually computed accrued liabilities, including an earnings assumption of 7.5% annually, net after expenses. As of July 1, 2014, the unfunded liability of TRS was $3.4166 billion. The funded percentage was 66.2%. The State expects the TRS unfunded accrued liability to be extinguished on or about June 30, 2034.

During the 2015 First Regular Session of the 82nd Legislature, the West Virginia Legislature passed Senate Bill 529 which ultimately created a Tier II retirement benefit structure for those employees who are hired for the first time on or after July 1, 2015. Some distinctions of Tier II of TRS are that (i) qualification for normal retirement age is increased from 60 to 62 and deferred retirement age is increased from 62 to 64; (ii) it changes military service provisions from current non-contributory military service to permitting members to purchase up to five years of active military service with the Armed Forces or National Guard by paying the actuarial reserve purchase amount within 48 months of the member's date of hire; (iii) it removes the provisions for members to receive additional retirement service credit based upon their unused sick and/or annual leave; (iv) it removes the current eligibility provisions of any age with 35 years of service or age 55 with 30 years of service; and (vii) it removes the reciprocity provisions between TRS and PERS if one changes employment and no longer permits highest salary in either plan to be used for final average salary.

Source: State of West Virginia Consolidated Public Retirement Board

Teachers' Defined Contribution Retirement System

The Teachers' Defined Contribution Retirement System (TDC) is a multiple employer defined contribution retirement system covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and School for the Deaf and Blind hired after June 30, 1991. The system includes former TRS plan members, including higher education employees, who elected to transfer into or participate in TDC. The plan closed for new members as of July 1, 2005.

As of July 1, 2012, there were approximately 4,037 members in the TDC. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Members may choose from thirteen (13) separate investment options.

Employees contribute 4.5% of their gross compensation and employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid formula. Employer contribution for each employee (and interest allocated to the employee's account) become partially vested after six (6) years and fully vested after twelve (12) years of complete service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming fully vested are available, in the event the employee does not return to active participant status within five (5) years, to reduce the employer's current-period contribution requirement. Benefits depend solely on the amounts contributed plus net investment earnings thereon.

Source: State of West Virginia Consolidated Public Retirement Board

TDC Transfer to TRS

In 2008, the West Virginia Legislature enacted legislation authorizing members of the TDC to elect to voluntarily transfer to TRS. For the transfer to occur the legislation required that at least 65% of members of TDC as of December 31, 2007 vote to elect the transfer. Over 78% of actively contributing TDC members elected to transfer to TRS. Approximately 15,152 TDC members were transferred to TRS on July 1, 2008.

Source: State of West Virginia Consolidated Public Retirement Board

Other Post Employment Benefits (OPEB)

The Board has adopted Governmental Accounting Standards Board (GASB) Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", which among other things, requires reporting on an accrual basis the liability associated with other postemployment benefits. In conjunction with the implementation of GASB Statement No. 43, the State of West Virginia established the Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, to account for and administer the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. The PEIA Finance Board was assigned the authority to establish and amend contribution requirements of the plan members and the participating employers, and PEIA administers the plan. The legislation requires the RHBT to determine through an actuarial study the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the respective employers who are required by law to remit at least the minimum annual premium component of the CRC. The Board is required to participate in the RHBT established for the multiemployer cost-sharing plan. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

Revenues collected by RHBT are used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. The rates charged must generate sufficient revenues to not only meet all expected expenses, including insurance, administrative expenses, and incurred but unreported claims of the RHBT, but also include the amounts necessary to fund the unfunded obligation of the plan over an amortization period not to exceed 30 years.

In an effort to reduce OPEB obligations, after conducting public hearings around the State in November, 2011, the PEIA Finance Board met on December 13, 2011 and adopted its plan for 2012-2013 which, among other things, cut health benefits by approximately $18.4 million per year and set a cap on retiree premium subsidies of $343 per month, effective as of July 1, 2012, for those employees hired on or before July 30, 2010. The $343 retiree premium subsidy cap will increase over time for inflation, but by no more than 3% per year. This action is calculated to reduce the State of West Virginia's OPEB liability by half to $5 billion and is projected to ultimately eliminate the OPEB liability by 2040.

The OPEB liability, Actuarial Accrued Liability (AAL), for the multiple-employer-cost sharing plan, for plan year FY 2012, was estimated at $10.3 billion. This amount represents a substantial unfunded liability for the employers which are a part of the plan. The action taken by the PEIA Finance Board at its December 13, 2011 meeting is estimated to have cut the OPEB liability in half to approximately $5 billion. The PEIA 2012-2013 plan contemplates that State retirees will pay the additional $5 billion over time in the form of higher premiums or reduced benefits or both.

On February 10, 2012, the West Virginia Legislature passed Senate Bill 469 which creates a plan to address the funding of OPEB liabilities associated with the PEIA in the State of West Virginia. The Senate Bill eliminates health care insurance premium subsidies for PEIA insured employees which were hired after July 1, 2010 and sets up the Post July 1, 2010 Employee Trust Fund for the purpose of funding retirement benefits for employees hired after July 1, 2010. Under Senate Bill 469, following the elimination of the actuarial unfunded liability of the State's Workers' Compensation Trust Fund, the State will begin to apply $35 million a year from personal income tax collections as follows: $30 million a year will be deposited into the West Virginia Retiree Health Benefit Trust Fund (until the actuarial unfunded liability is eliminated or July 1, 2037, whichever is later to occur) for the purpose of paying down the remaining $5 billion of long-term OPEB liability associated with

the PEIA, and (ii) $5 million a year will be deposited into the Post July 1, 2012 Employee Trust Fund to assist employees hired after July 1, 2010.

For professional employees, service personnel and professional student support personnel of the various County Boards of Education in the State, including the Board, which are employed within the limits permitted by the foundation allowance of the State school aid formula, the necessary OPEB premiums which are required to be paid to PEIA with respect to such employees shall be charged to the State of West Virginia. However, such County Boards of Education, including the Board, retain liability for payment of the necessary OPEB premiums which are required to be paid to PEIA for all professional employees, service personnel and professional student support personnel which are employed by such County Boards of Education in excess of the limits permitted by the foundation allowance of the State school aid formula.

In accordance with GASB requirements, the Board accrues OPEB costs based upon invoices received from PEIA based upon actuarially determined amounts. As of June 30, 2014, the noncurrent liability related to OPEB costs for the Board was $3,631,168.00. For additional information regarding the Board's liabilities and expenses, see "APPENDIX A – Audit Report of Cabell County Board of Education for the Fiscal Year Ended June 30, 2014" and the accompanying notes to the financial statements.

Sources: West Virginia Public Employees Insurance Agency; Cabell County Board of Education

Insurance Coverage*

| 1. Type | Amount in Force (FY 2015) |
|---|---|
| Deluxe Commercial Property insurance | $461,793,907 |
| Deductible per occurrence | $2,500 |
| Machinery and Equipment insurance | $45,680,609 |
| Deductible per occurrence | $2,500 |
| Flood insurance (Buildings) | $1,354,800 |
| Deductible Per Occurrence | $2,000 |
| Flood insurance (Contents) | $1,112,800 |
| Deductible Per Occurrence | $2,000 |
| Public official position bond: | |
| Superintendent | $50,000 |
| Board President | $50,000 |
| Treasurer | $750,000 |

*Source: Cabell County Board of Education

## INVESTMENT CONSIDERATIONS

Annual Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The School District is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the School District's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The School District has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the School District and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the School District has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

## TAX MATTERS

General

The following discussion of "Tax Matters" is a brief discussion of certain income tax matters with respect to the Bonds under existing applicable law. It does not purport to deal with all aspects of taxation that may be relevant to the owner of a bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the Bonds.

Federal Income Tax Exemption of the Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain corporations for purpose of calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of,

or the tax status of interest on, the Bonds. Prospective purchasers of Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Resolution, the Tax and Non-Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson PLLC.

Original Issue Premium

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocated to such beneficial owner. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of that Premium Bond. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with bond premium, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.]

Information Reporting and Backup Withholding

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

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

State Income Tax Exemption

In the opinion of Bond Counsel, under the Act, as presently written and applied, the Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, municipality or political subdivision thereof.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal liability. The nature and extent of these other tax consequences will

depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Internal Revenue Service Audits

The IRS (defined above) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer, and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and their appointed counsel including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer or the beneficial owners to incur significant expense.

Bond Counsel's opinions represent its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of result or binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinions or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

## LITIGATION IN THE STATE CONCERNING THE SCHOOL FINANCING SYSTEM

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

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

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

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

1. The plaintiff class's request to compel the West Virginia Legislature to remove the net enrollment caps in Steps 1 and 2 of the Foundation Allowance to provide additional professional and service personnel of the county as embraced within West Virginia Code §18-9A-1, et seq., and the use of a density mileage factor within the Foundation Allowance is hereby DENIED.

2. The decision of the Honorable Dan C. Robinson that the School Financing Formula as embraced within West Virginia Code §18-9A-1, et seq., was constitutionally deficient is hereby vacated and held for naught; and

3. West Virginia Code §18-2E-5 is specifically found to satisfy the requirements of W.Va. Const. Art. XII §1 to the extent that the Legislature has provided, by public law, for a thorough and efficient system of free schools.

4. There being no further need to maintain continuing jurisdiction in this matter, this case shall be dismissed and dropped from the active docket of this Court, to all of which action all parties' objection is hereby preserved.

On December 28, 1990, a class action was filed against the State Superintendent of Schools, the West Virginia Board of Education and the School Building Authority of West Virginia in the United States District Court for the Southern District of West Virginia by a group of plaintiffs alleging improper action by defendants

in following a policy of approval of segregated outbuildings for special education students and expenditures therefor. (Harris et. al. v. Marockie, et. al.). The action also alleged that defendants have discriminated against the plaintiff class by failure to protect them from improper behavioral control procedures by County Boards of Education, failure to monitor or enforce educational standards and failure to provide adequately trained instructors.

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

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

## LITIGATION

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

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

## CONTINUING DISCLOSURE

The Board has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX F, to provide financial information not later than one year following the end of the Board's fiscal year, commencing with the report for the fiscal year ended June 30, 2015, and to provide notice of the occurrence of the enumerated events listed herein, if material. The Annual Information and each notice of material events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as disclosure agent, on behalf of the Board, with the Electronic Municipal Markets Access System ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The Board has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Board failed to file timely certain material event notices such as insurer rating changes and an upgrade in its Series 2006 Bonds that reflected the Board's eligibility and participation in the Municipal Bond

Program. These notices have now been filed. No determinations were made as to whether such failings were material.

## LEGAL MATTERS

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

## FINANCIAL STATEMENTS

Included in Appendix A are the audited financial statements of the Board as of and for the twelve-month period ended June 30, 2014, of The Fyffe Jones Group, ACC, Certified Public Accountants. This report is dated March 20, 2015.

The Fyffe Jones Group, ACC did not review this Official Statement. In addition, the Board did not request the consent of the Fyffe Jones Group, ACC to append to this Official Statement the Cabell County Board of Education Financial Statements, June 30, 2014 and the related opinion of The Fyffe Jones Group, ACC. Accordingly, the Fyffe Jones Group, ACC did not perform any procedures relating to any information in this Official Statement.

## RATINGS

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Bonds its rating of "AA" based on the Board's eligibility and participation in the Municipal Bond Program. The Board did not apply for any other ratings. Such rating reflects only the views of such organization and reference is made to such organization for the meaning of such rating. There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect upon the market price or value of the Bonds.

## VERIFICATION AGENT

Causey Demgen & Moore P.C. has been retained as verification agent for the Bonds (the "Verification Agent"). The Verification Agent shall provide a certification that a debt service savings was obtained by refunding the Series 2006 Bonds and verification of the sufficiency of the escrow.

## UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co., as Underwriter. The Purchase Contract provides that the Underwriter will purchase all the Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Underwriter has agreed to purchase the Bonds, subject to certain conditions, for a purchase price of $30,522,887.85 (par amount of Bonds of $29,120,000 plus $1,578,487.85 original issue premium, less $175,600.00 underwriter's discount).

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

Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

## CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the $29,120,000 in aggregate principal amount of The Board of Education of the County of Cabell Public School Refunding Bonds, Series 2015. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Cabell.

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

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. The distribution of this Official Statement has been approved by the Board. Additional information may be obtained from the Superintendent at 2850 5th Avenue, Huntington, West Virginia, 25702, telephone (304) 528-5030 (www.cabellcountyschools.com).

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

Suzanne McGinnis Oxley

By: /s/ Suzanne McGinnis Oxley
President

APPENDIX A

# Audit Report
# of
# Cabell County Board of Education
# for the
# Fiscal Year Ended June 30, 2014

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# CABELL COUNTY BOARD OF EDUCATION

Financial Statements

June 30, 2014

CABELL COUNTY BOARD OF EDUCATION
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CABELL COUNTY BOARD OF EDUCATION
SCHOOL BOARD OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Office | Name | Term |
|---|---|---|
| | Elective | |
| School Board President | Suzanne M. Oxley | 7/1/2012 - 6/30/2016 |
| School Board Members: | Mary Neely | 7/1/2010 - 6/30/2014 |
| | Mary Alice Freeman | 7/1/2010 - 6/30/2014 |
| | Garland "Skip" Parsons | 7/1/2012 - 6/30/2016 |
| | Bennie Thomas | 7/1/2010 - 6/30/2014 |
| | Appointive | |
| Superintendent | William Smith | |
| Treasurer | Conrad Lucas | |

The Fyffe Jones Group, AC

2155 Carter Avenue
P.O. Box 2245
Ashland, KY 41105-2245
606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

# INDEPENDENT AUDITORS' REPORT

To the Board of Education
Cabell County Board of Education
Huntington, West Virginia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



E-MAIL info@fja-cpas.com FAX lines: Ashland: 606-324-2823; Huntington: 304-525-4230; Portsmouth: 740-353-6724

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 – 12 and 46 – 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cabell County Board of Education's basic financial statements. The schedule of changes in school activity funds and the schedule of excess levy revenues and expenditures are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of the Cabell County Board of Education internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cabell County Board of Education's internal control over financial reporting and compliance.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC
Huntington, West Virginia
March 20, 2015

CABELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Our discussion and analysis of the Cabell County Board of Education financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2014. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

**Financial Highlights**

- The Board's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $193,262,748 *(net position)* at the close of the most recent fiscal year. Of this amount, $44,133,987 *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The Board's total net position increased by $9,580,722. Investment in capital assets increased by approximately $6,399,715.

- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of $57,181,099, a decrease of $696,821 in comparison with the prior year

- At the end of the current fiscal year, unassigned fund balance or the amount available for spending at the Board's discretion for the general fund was $18,217,898.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing or related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the debt service fund, bond construction fund, permanent improvement fund and capital projects fund, all of which are considered major funds.

*Fiduciary funds*. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the Board cannot use these funds to finance its operations.

The Board uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 19 of the financial statements.

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

## District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $193,262,748 at the close of the most recent fiscal year.

| | 2014 Governmental Activities | 2013 Governmental Activities * |
|---|---|---|
| **ASSETS** | | |
| Current and other assets | $ 75,262,000 | $ 76,131,053 |
| Capital assets | 167,251,588 | 160,851,873 |
| Prior Period Adjustment -Restatement & correction | - | 2,815,315 |
| **Total assets** | $242,513,588 | $ 239,798,241 |
| **DEFERRED OUTFLOW OF RESOURCES** | - | - |
| **LIABILITIES** | | |
| **Liabilities:** | | |
| Current and other liabilities | $15,501,081 | $18,261,418 |
| Long-term liabilities outstanding | 33,749,759 | 37,854,793 |
| **Total Liabilities** | 49,250,840 | 56,116,211 |
| **DEFERRED INFLOW OF RESOURCES** | - | - |
| **NET POSITION** | | |
| Net Investment in Capital Assets | 133,856,588 | 123,511,873 |
| Restricted | 15,272,173 | 16,886,837 |
| Unrestricted | 44,133,987 | 40,468,005 |
| Prior Period Adjustment - Restatement & correction | - | 2,815,315 |
| **Total net position** | 193,262,748 | 183,682,030 |
| **Total liabilities, deferred inflows of resources, and net position** | $ 242,513,588 | $ 239,798,241 |

* - As reclassified for the implementation of GASB Statement No. 65

The largest portion of the Board's net position (69.26%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that are still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

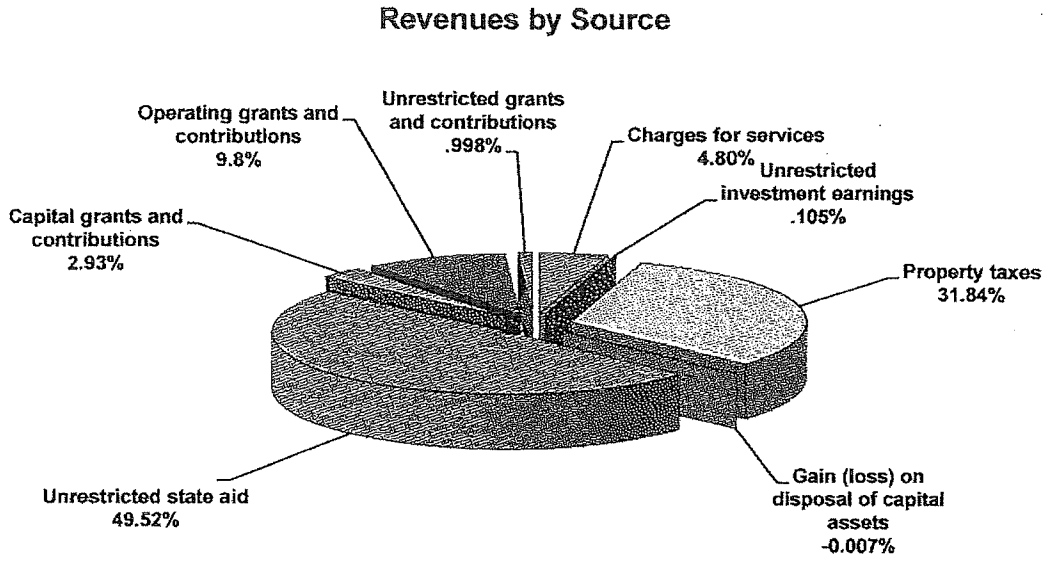
- An additional portion of the Board's net position (7.90%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.

- The remaining balance of *unrestricted net position* (22.84%) may be used to meet the Board's obligations to students, employees, and creditors and to honor next year's budget. 2013 prior year adjustment as included on the district wide Net Position analysis includes a restatement of $2,735,385 that was due to a change in the regulatory agency's prescribed procedure requiring restricted special revenue funds to be classified in the liability section of the balance sheet as deferred revenue. This type of balance is now recorded in the equity section of the balance sheet as

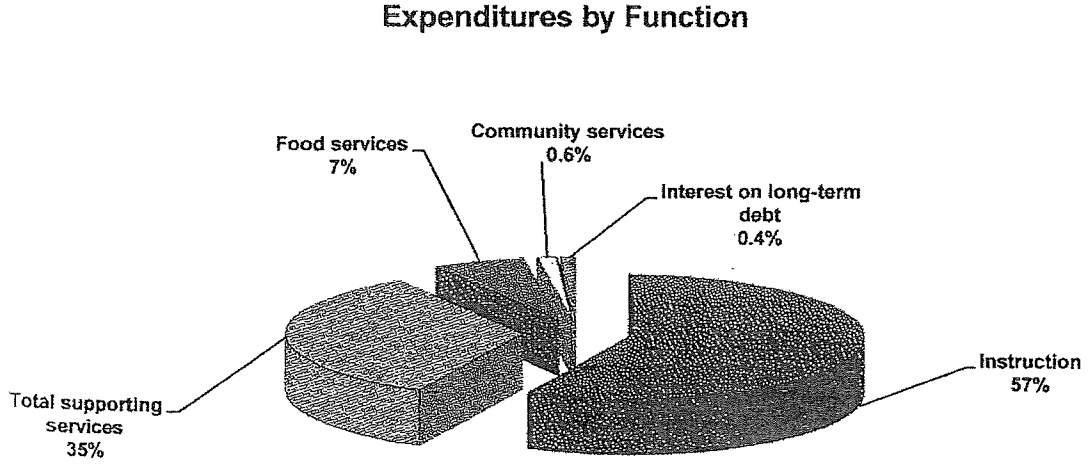
restricted funds. The remaining $79,930 was a correction made after the audit of the June 30, 2013 financial statements. The Board's position was this amount should be paid back due to an overpayment based on our billing. However, once the audit was completed, the Board learned the billing was correct and no repayment was needed.

- At the end of the current fiscal year, the Board is able to report positive balances in all three categories of net position. The same held true for the prior fiscal year.

The following chart shows the Board's revenues for fiscal year ended June 30, 2014, by source:




The following chart shows the Board's expenditures for fiscal year ended June 30, 2014, by function:



The key elements of the of the Board's net position for the year ended June 30, 2014, are as follows:

| | 2014 Governmental Activities | 2013 Governmental Activities * | Variance |
|---|---|---|---|
| **Revenues:** | | | |
| Program revenues: | | | |
| Charges for services | $7,881,298 | $3,382,632 | $4,498,666 |
| Operating grants and contributions | 16,078,338 | 18,951,826 | (2,873,488) |
| Capital grants and contributions | 4,818,493 | 12,817,468 | (7,998,975) |
| General revenues: | | | |
| Property taxes | 52,236,597 | 51,813,780 | 422,817 |
| Unrestricted state aid | 81,252,671 | 81,226,602 | 26,069 |
| Unrestricted investment earnings | 172,926 | 750,751 | (577,825) |
| Unrestricted grants and contributions | 1,637,301 | 1,223,365 | 413,936 |
| Gain or (loss) on disposal of capital assets | (11,856) | - | (11,856) |
| **Total revenues** | 164,065,768 | 170,166,424 | (6,100,656) |
| **Expenses:** | | | |
| Instruction | 88,137,592 | 87,624,113 | 513,479 |
| Supporting services: | | | |
| Students | 6,343,748 | 6,459,931 | (116,183) |
| Instructional staff | 6,276,640 | 6,333,391 | (56,751) |
| District admin. | 1,477,270 | 1,367,509 | 109,761 |
| School admin. | 6,827,597 | 6,825,761 | 1,836 |
| Business services | 1,722,109 | 1,654,599 | 67,510 |
| Operation and Maintenance | 21,042,768 | 15,294,788 | 5,747,980 |
| Transportation | 9,378,119 | 9,081,170 | 296,949 |
| Total supporting services | 53,068,251 | 47,017,149 | 6,051,102 |
| Food services | 9,697,122 | 9,948,535 | (251,413) |
| Community services | 2,013,039 | 2,139,111 | (126,072) |
| Interest on long-term debt | 1,569,042 | 1,745,356 | (176,314) |
| **Total expenses** | 154,485,046 | 148,474,264 | 6,010,782 |
| **Change in net position before transfers** | 9,580,722 | 21,692,160 | (12,111,438) |
| **Transfers** | - | - | - |
| **Change in net position before transfers** | 9,580,722 | 21,692,160 | (12,111,438) |
| **Net position - Beginning** | 183,682,026 | 159,174,551 | 24,507,475 |
| **Prior Period Adjustments - Restatement & Correction** | | 2,815,315 | (2,815,315) |
| **Net position - Ending** | $193,262,748 | $183,682,026 | $9,580,722 |

* - As reclassified for the implementation of GASB Statement No. 65

## Financial Analysis of the Board's Funds

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of $57,181,099.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into five classifications, including non-spendable, restricted, committed, assigned, and unassigned. Assignments are self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

Of the $29,997,730 fund balance in the general fund, $11,779,831 is assigned for the following purposes:

| Purpose for Assignment | Amount |
|---|---|
| Medicaid | $1,957,619 |
| Equipment Operations | 100,000 |
| E-rate Technology | 121,886 |
| Health Care | 11,808 |
| Summer School | 40,000 |
| Capital – Beverly Hills | 3,100,000 |
| Encumbrance: | |
| Instruction | 717,648 |
| Support Service Student | 16,688 |
| Support Service Instruction | 156,633 |
| Administration | 127,372 |
| School Administration | 14,830 |
| Support Central | 85,167 |
| Operation and Maintenance | 851,065 |
| Transportation | 284,115 |
| Community | 55,000 |
| Beginning Balance | 4,140,000 |
| Total | $11,779,831 |

In addition, the following other changes in fund balances should be noted and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use:

- The General Current Expense Fund showed an increase in fund balance due, in large part, to reduction in transfers to Capital Projects Fund.

- The Special Revenue Fund showed an increase in fund balance mostly due to a restatement of beginning balances.

- The Capital Projects Fund showed a decrease in fund balance, mainly due to completion of construction at Huntington East Middle School and the Transportation Complex.

**General Fund Budgetary Highlights**

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended general fund budget was an increase of $6,302,133 or 6% in total general fund expenditures.

**Capital Asset and Debt Administration**

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2014, amounts to $167,251,588 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was $6,399,715 or 4%.

Capital assets at year end included the following:

| | 2014 Governmental Activities |
|---|---|
| Land | $ 16,445,796 |
| Building and Improvements | 130,841,737 |
| Furniture and equipment | 5,628,729 |
| Vehicles | 6,038,278 |
| Construction in process | 8,297,048 |
| Total Capital Assets | $ 167,251,588 |

Additional information on the Board's capital assets can be found in Note 7 to the Basic Financial Statements.

**Long-term debt.** At the end of the current fiscal year, the Board had total bonded debt outstanding of $33,395,000. The obligation for compensated absences for vacations was $546,587 at June 30, 2014.

| | 2014 Governmental Activities |
|---|---|
| General Obligation bonds | $ 33,395,000 |
| Compensated absences | 546,587 |
| Total Debt Outstanding | $ 33,941,587 |

Additional information on the Board's long-term debt can be found in Note 8 to the Basic Financial Statements.

**Factors bearing on the Board's Future**

Employees of the Board are eligible to receive special termination benefits in the form of convertible sick leave earned but not used prior to retirement. Upon retirement, an employee's accumulated sick leave may be converted to a greater retirement benefit or to payment of the retired employee's health insurance premiums. The cost of additional retirement benefits are the liability of the West Virginia Consolidated Public Retirement RESA and therefore are not recorded in the Board's financial statements. However, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. In accordance with the guidance of GASB Statement 45, other post-employment benefits attributable to sick leave convertible to health insurance premiums have been calculated to be $3,631,168 and reported in the fund statements as of June 30, 2014. This includes a current year expenditure of $66,674. The Board anticipates an additional expenditure of a similar magnitude during the fiscal year 2015. Additional information can be found in Note 10 to the Basic Financial Statements.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Cabell County Board of Education**
**2850 Fifth Avenue**
**Huntington, WV 25702**

al

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 61,915,733 |
| Investments | 5,160,925 |
| Taxes receivable, net of allowance for uncollectible taxes | 3,779,378 |
| Food service receivable | 96,983 |
| Other receivables | 42,067 |
| Due from other governments: | |
| PEIA allocation receivable | 1,784,703 |
| Reimbursements receivable | 2,482,211 |
| Capital Assets: | |
| Land | 16,445,796 |
| Buildings and improvements | 196,467,577 |
| Furniture and equipment | 10,588,097 |
| Vehicles | 13,073,120 |
| Construction in process | 8,297,048 |
| Less accumulated depreciation | (77,620,050) |
| Total capital assets, net of depreciation | 167,251,588 |
| **Total assets** | 242,513,588 |
| **DEFERRED OUTFLOW OF RESOURCES** | |
| **Total deferred outflows of resources** | - |
| | - |
| **LIABILITIES** | |
| Salaries payable and related payroll liabilities | $ 5,195,237 |
| PEIA premiums payable | 2,429,516 |
| Compensated absences | 546,587 |
| Accounts payable | 3,698,573 |
| Other post employment benefit payable | 3,631,168 |
| Long-term obligations: | |
| Due within one year: | |
| Bonds, capital leases, and contracts | 4,135,000 |
| Accrued interest | 354,759 |
| Due beyond one year: | |
| Bonds, capital leases, and contracts | 29,260,000 |
| **Total liabilities** | 49,250,840 |
| **DEFERRED INFLOW OF RESOURCES** | |
| **Total deferred inflows of resources** | - |
| | - |
| **Total liabilities and deferred inflows of resources** | $ 49,250,840 |
| **NET POSITION** | |
| Net Investment in Capital Assets | $ 133,856,588 |
| Restricted for: | |
| Debt service | 4,878,440 |
| Special projects | 2,267,995 |
| Capital projects | 8,125,738 |
| Unrestricted | 44,133,987 |
| **Total net position** | $ 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Functions | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense), Revenue & Changes in Net Position Governmental Activities |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Instruction | $ 88,137,592 | $ 1,235,197 | $ 9,413,649 | $ 2,392,476 | $ (75,096,270) |
| Supporting services: | | | | | |
| Students | 6,343,748 | 88,912 | 677,617 | 172,216 | (5,405,003) |
| Instructional staff | 6,276,640 | 87,963 | 670,378 | 170,376 | (5,347,923) |
| General administration | 1,477,270 | 20,699 | 157,754 | 40,093 | (1,258,724) |
| School administration | 6,827,597 | 95,680 | 729,196 | 185,325 | (5,817,396) |
| Central services | 1,722,109 | 24,143 | 183,996 | 46,762 | (1,467,208) |
| Operation and maintenance of facilities | 21,042,768 | 294,897 | 2,247,463 | 571,192 | (17,929,216) |
| Student transportation | 9,378,119 | 131,419 | 1,001,570 | 1,240,053 | (7,005,077) |
| Food services | 9,697,122 | 5,902,388 | 996,715 | - | (2,798,019) |
| Community services | 2,013,039 | - | - | - | (2,013,039) |
| Interest on long-term debt | 1,569,042 | - | - | - | (1,569,042) |
| Total governmental activities | $ 154,485,046 | $ 7,881,298 | $ 16,078,338 | $ 4,818,493 | $ (125,706,917) |
| General revenues: | | | | | |
| Property taxes | | | | | $ 52,236,597 |
| Unrestricted state aid | | | | | 81,252,671 |
| Unrestricted investment earnings | | | | | 172,926 |
| Unrestricted grants and contributions | | | | | 1,637,301 |
| Gain (loss) on disposal of capital assets | | | | | (11,856) |
| Transfers in | | | | | 6,142,826 |
| Transfers (out) | | | | | (6,142,826) |
| Total general revenues, extraordinary items and transfers | | | | | 135,287,639 |
| Change in net position | | | | | 9,580,722 |
| Net position - beginning | | | | | 180,866,711 |
| Prior period adjustments - change in procedure & correction (See Note 12) | | | | | 2,815,315 |
| Net position - beginning, as restated | | | | | 183,682,026 |
| Net position - ending | | | | | $ 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

| | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | | | | | |
| **Assets:** | | | | | | |
| Cash and cash equivalents | $ 38,698,632 | $ 3,179,360 | $ 510 | $ 4,748,015 | $ 15,289,216 | $ 61,915,733 |
| Investments | - | - | 5,160,925 | - | - | 5,160,925 |
| Taxes receivable, net | 3,232,322 | - | 445,056 | 102,000 | - | 3,779,378 |
| Food service receivable, net | - | 96,983 | - | - | - | 96,983 |
| Other receivables | 42,067 | - | - | - | - | 42,067 |
| Due from other governments: | | | | | | |
| PEIA allocation receivable | 1,784,703 | - | - | - | - | 1,784,703 |
| Reimbursements receivable | 605,432 | 1,746,095 | - | - | 130,684 | 2,482,211 |
| **Total assets** | 44,363,156 | 5,022,438 | 5,606,491 | 4,850,015 | 15,419,900 | 75,262,000 |
| **Deferred outflows of resources** | - | - | - | - | - | - |
| **Total deferred outflows of resources** | - | - | - | - | - | - |
| **TOTAL ASSETS PLUS DEFERRED OUTFLOWS OF RESOURCES** | $ 44,363,156 | $ 5,022,438 | $ 5,606,491 | $ 4,850,015 | $ 15,419,900 | $ 75,262,000 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | | |
| **Liabilities:** | | | | | | |
| Salaries payable and related payroll liabilities | $ 4,637,798 | $ 557,439 | $ - | $ - | $ - | $ 5,195,237 |
| Other post employment benefits payable | 3,631,168 | - | - | - | - | 3,631,168 |
| PEIA premiums payable | 2,129,111 | 297,950 | - | - | 2,455 | 2,429,516 |
| Accounts payable & payable to others | 1,295,787 | 1,899,051 | - | 366,320 | 137,412 | 3,698,570 |
| **Total liabilities** | 11,693,864 | 2,754,440 | - | 366,320 | 139,867 | 14,954,491 |
| **Deferred inflows of resources** | 2,671,562 | - | 373,292 | 81,556 | - | 3,126,410 |
| **Total deferred inflows of resources** | 2,671,562 | - | 373,292 | 81,556 | - | 3,126,410 |
| **Fund Balances:** | | | | | | |
| Restricted | - | 2,267,998 | 5,233,199 | 4,402,139 | 3,723,599 | 15,626,935 |
| Committed | - | - | - | - | 4,476,804 | 4,476,804 |
| Assigned | 11,779,831 | - | - | - | 7,079,630 | 18,859,461 |
| Unassigned | 18,217,898 | - | - | - | - | 18,217,898 |
| **Total fund balances** | 29,997,730 | 2,267,998 | 5,233,199 | 4,402,139 | 15,280,033 | 57,181,099 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ 44,363,156 | $ 5,022,438 | $ 5,606,491 | $ 4,850,015 | $ 15,419,900 | $ 75,262,000 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

| | |
|---|---|
| Total fund balances on the governmental fund's balance sheet | $ 57,181,099 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet | 167,251,588 |
| Property taxes receivable and food service billings receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the funds | 3,126,407 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Bonds payable, due within one year | (4,135,000) |
| Bonds payable, due beyond one year | (29,260,000) |
| Accrued interest on bonds | (354,759) |
| Compensated absences | (546,587) |
| Net position of governmental activities | $ 193,262,748 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Property taxes | $ 44,752,484 | $ - | $ 5,879,144 | $ 1,612,497 | $ - | $ 52,244,125 |
| Other local sources | 1,720,997 | 1,054,889 | 68,769 | 20,461 | - | 2,865,116 |
| State sources | 81,252,671 | 5,953,637 | - | - | 3,832,990 | 91,039,298 |
| Federal sources | 1,978,911 | 15,991,268 | - | - | - | 17,970,179 |
| **Total revenues** | 129,705,063 | 22,999,794 | 5,947,913 | 1,632,958 | 3,832,990 | 164,118,718 |
| **Expenditures:** | | | | | | |
| Instruction | 74,680,932 | 11,839,196 | - | - | 1,278,941 | 87,799,069 |
| Supporting services: | | | | | | |
| Students | 5,478,719 | 864,408 | - | - | - | 6,343,127 |
| Instructional staff | 3,819,062 | 2,446,730 | - | - | - | 6,265,792 |
| General administration | 1,442,912 | - | - | - | - | 1,442,912 |
| School administration | 6,638,817 | 188,780 | - | - | - | 6,827,597 |
| Central services | 1,644,625 | 16,326 | - | - | - | 1,660,951 |
| Operation and maintenance of facilities | 15,882,190 | 109,442 | - | 323,601 | 14,545 | 16,329,778 |
| Student transportation | 8,680,482 | 1,018,289 | - | - | - | 9,698,771 |
| Food services | 9,274 | 9,746,452 | - | - | 202,289 | 9,958,015 |
| Community services | 1,958,077 | 54,963 | - | - | - | 2,013,040 |
| Capital outlay | - | - | - | 2,399,586 | 8,513,545 | 10,913,131 |
| Debt service: | | | | | | |
| Principal retirement | - | - | 3,945,000 | - | - | 3,945,000 |
| Interest and fiscal charges | - | - | 1,618,356 | - | - | 1,618,356 |
| **Total expenditures** | 120,235,090 | 26,284,586 | 5,563,356 | 2,723,187 | 10,009,320 | 164,815,539 |
| Excess (deficiency) of revenues over expenditures | 9,469,973 | (3,284,792) | 384,557 | (1,090,229) | (6,176,330) | (696,821) |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 95,047 | 2,912,452 | - | - | 3,135,326 | 6,142,825 |
| Transfers (out) | (6,047,778) | (95,047) | - | - | - | (6,142,825) |
| **Total other financing sources (uses)** | (5,952,731) | 2,817,405 | - | - | 3,135,326 | - |
| **Net change in fund balances** | 3,517,242 | (467,387) | 384,557 | (1,090,229) | (3,041,004) | (696,821) |
| **Fund balances - beginning** | 26,400,558 | - | 4,848,642 | 5,492,368 | 18,321,037 | 55,062,605 |
| **Prior period adjustments - correction & change in procedure (See Note 12)** | 79,930 | 2,735,385 | - | - | - | 2,815,315 |
| **Fund balances - beginning, as restated** | 26,480,488 | 2,735,385 | 4,848,642 | 5,492,368 | 18,321,037 | 57,877,920 |
| **Fund balances - ending** | $ 29,997,730 | $ 2,267,998 | $ 5,233,199 | $ 4,402,139 | $ 15,280,033 | $ 57,181,099 |

See Notes to the Basic Financial Statements.

CABELL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different due to: | |
| Net change in fund balances - total governmental funds | $ (696,821) |
| Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net position is the amount by which capital outlays exceed depreciation in the current period. | |
| Depreciation expense | (5,002,931) |
| Capital outlays | 11,414,502 |
| Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased). | |
| Property taxes receivable | (7,528) |
| Operating grants and contributions | (33,566) |
| The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net position. | 3,945,000 |
| Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net position in the statement of activities. | |
| Cost of assets disposed | (105,913) |
| Accumulated depreciation of assets disposed | 94,057 |
| Compensated absences are reported as liabilities in the statement of net position, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased. | |
| Accrued vacation payable | (31,794) |
| Amortization of bond issuance costs are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds. | (43,598) |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | 49,314 |
| Change in net position of governmental activities | $ 9,580,722 |

See Notes to the Basic Financial Statements

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2014

| | Agency Funds | |
|---|---|---|
| | School Activity Funds | Regional Education Service Agency |
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| **Assets:** | | |
| Cash and cash equivalents | $ 1,877,898 | $ 1,747,961 |
| Receivables | - | 218,381 |
| **Total assets** | 1,877,898 | 1,966,342 |
| **Deferred outflows of resources:** | | |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities | - | 579,570 |
| Due to other funds | 1,877,898 | - |
| **Total liabilities** | 1,877,898 | 579,570 |
| **Net Position** | $ - | $ 1,386,772 |

See Notes to the Basic Financial Statements.

## Note 1 - Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### A. Reporting Entity

The Cabell County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

### B. District-wide and Fund Financial Statements

The ***district-wide financial statements*** (the statement of net position and the statement of activities) display information about the School Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

The ***fund financial statements*** provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

**General Current Expense Fund:** The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

**Special Revenue Fund:** The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

**Debt Service Fund:** The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the Board for the acquisition of capital assets.

**Capital Projects Fund:** Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

**Agency Funds:** Agency funds are used to account for assets that the Board holds for others in an agency capacity. These include: Regional education service agencies (RESA's) and multi-county vocational centers (MCVC's) for the purpose of providing high quality, cost effective educational programs and to provide vocational training, respectively, in which the county board of education serves as the fiscal agent; school activity funds to account for the assets of the individual schools of the district, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the school district by a benefactor for the purpose of providing scholarships for graduates of the school district.

C. **Measurement Focus and Basis of Accounting**

The ***district-wide statements*** (Statement of Net Position and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The ***governmental fund financial statements*** were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

***Fiduciary funds*** are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the School Board holds for others in an agency capacity.

**D. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed, or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Cash and Investments**

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2014, were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Deposits (money market/sweep accounts) with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the board's name. Custodian credit risk is the risk that in event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Cash on hand and deposits with banking institutions either in checking or savings accounts or other highly liquid investments with an original maturity of three months or less are presented as cash in the accompanying financial statements.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the West Virginia Municipal Bond Commission (MBC) for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof; certificates of deposit; and repurchase agreements. Funds of the Board are temporarily invested by the MBC specifically on behalf of the Board as part of the MBC's consolidated investment pool. Deposits with the State Consolidated Investment Pool are held by the West Virginia Board of Treasury Investments (BTI). The deposits with the MBC are held for debt service requirements of the Board. The deposits with the BTI and MBC are not separately identifiable as to specific types of securities. Investment income is prorated to the Board at rates specified by the BTI and MBC. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying basic financial statements. These investments are considered cash and cash equivalents due to their liquid nature. The BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

All deposit accounts and investments of the Board at June 30, 2014, consisted of the following:

| | Carrying Amount | Estimated Fair Value | Bank Balance |
|---|---|---|---|
| State Investment Pool | $ 650,868 | $ 650,868 | $ 650,868 |
| Municipal Bond Commission | 5,160,925 | 5,160,925 | 5,160,925 |
| Money Market/Sweep Account | 43,919,923 | 43,919,923 | 43,919,923 |
| Deposits with financial institutions - Individual Schools | 1,877,898 | 1,877,898 | 1,877,898 |
| Deposits with financial institutions - Board of Education | 13,897,665 | 13,897,665 | 13,897,665 |
| Total investments | $ 65,507,279 | $ 65,507,279 | $ 65,507,279 |

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short term investments that are less affected by changes in market rates as compared to long term investments.

At June 30, 2014, the Board has $5,160,925 invested with the West Virginia Municipal Bond Commission. Pool investments of the Municipal Bond Commission are held in a Government Money Market with the WV Board of Treasury Investments Consolidated Fund.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Exposure to credit risk in the Government Money Market Pool is limited to U.S. Treasury issues and U.S. government agency issues and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The Board's investments in the Consolidated Fund pool and related accounts have not been rated for credit risk by any organization.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. West Virginia statutes prohibit the Consolidated Fund Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2014, the Pool did not have investments in any one private corporation or association that represented more than 5% of assets.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the Government Money Market Pool within the Consolidated Fund Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

F. **Food Service Receivables**

The accounts receivable for the Food Service Program has not been reduced by an allowance for bad debt as the amount reported is deemed collectible.

G. **Interfund Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance account (restricted, committed, assigned) in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**H. Inventories**

The Board has reported no material inventories as of June 30, 2014.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. On June 30, 2014, the Board had no prepaid items.

**J. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles, are reported in the district-wide financial statements. The board defines capital assets as assets with an initial, individual cost of $5,000 or more for land, furniture, vehicles, and equipment and $100,000 for buildings and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 50 |
| Site Improvements | 20 – 35 |
| Furniture & Equipment | 5 – 20 |
| Vehicles | 8 – 12 |

*Life of Buildings in use more than 50 years has been extended accordingly.

**K. Deferred Outflow of Resources**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

L. **Compensated Absences and Other Post Employment Benefit Liability**

**Compensated Absences:**

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to 40 and unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of a cash payment at retirement, an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

**Other Post Employment Benefit (OPEB) Liability:**

It is the Board's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability. See Note 10 for further discussion.

M. **Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

N. **Deferred Inflow of Resources**

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**O. Net Position**

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

- **Invested in capital assets, net of related debt** - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.

- **Restricted net position, expendable** - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **Restricted net position, nonexpendable** - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2014.

- **Unrestricted net position** - This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

**P. Fund Equity**

Effective July 1, 2010, the Board adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2014. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

**Q. Elimination and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**R. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**S. Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. If an expense is incurred for purposes for which committed, assigned, and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

**T. Newly Adopted Statements Issued by the GASB**

The Governmental Accounting Standards Board has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for fiscal years beginning after December 15, 2012. This statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. See note 3 for a discussion of the anticipated effect.

The Governmental Accounting Standards Board has also issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, effective for fiscal years beginning after December 15, 2012. This statement will resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of GASB Statement No. 66 had no impact on the June 30, 2014 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, effective for fiscal years beginning after June 15, 2013. This statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The adoption of GASB Statement No. 67 had no impact on the June 30, 2014, financial statements.

**U. Recent Statements Issued by the GASB**

The Governmental Accounting Standards Board has also issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. This Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The Board has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 15, 2013. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The Board has not yet determined the effect that the adoption of GASB Statement No. 69 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after

**Note 1 - Summary of Significant Accounting Policies: (Cont.)**

June 15, 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The Board has not yet determined the effect that the adoption of GASB Statement No. 70 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The Board has not yet determined the effect that the adoption of GASB Statement No. 71 may have on its financial statements.

**Note 2 - Stewardship, Compliance and Accountability:**

Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2014:

| Fund | Amount |
|---|---|
| Special Revenue | $ 467,387 |
| Permanent Improvement Funds | $1,090,229 |
| Capital Projects Fund | $3,041,004 |

Funds sufficient to provide for the excess expenditures were made available from other sources within each fund and the deficiency had no impact on the financial results of the Funds.

The Board did not have any deficit fund balances at June 30, 2014.

**Note 3 - Change in Accounting Policy:**

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 65 – As of July 1, 2013, the Board implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement reclassified some items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. At transition, the impact of GASB 65 was as follows:

**Note 3 - Change in Accounting Policy: (Cont.)**

**Unavailable Revenue:** Property tax collections, Medicaid collections, and other receivables that are not received soon enough after year end to pay liabilities of the current period, are now required to be presented as deferred inflows of resources. For fiscal year ended June 30, 2014, the Board reported deferred inflows of resources relating to such unavailable revenues totaling $3,126,410. These were previously reported as deferred revenues.

**Note 4 - Risk Management:**

The Board is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

**Board of Risk and Insurance Management (BRIM):** The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

**Public Employees Insurance Agency (PEIA):** The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Coverage under these programs has no lifetime maximum for health and $10,000 of life insurance coverage. Members may purchase up to an additional $500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

**Workers Compensation Fund (WCF):** The Board participates in the workers compensation program through BrickStreet Insurance. Nearly every employer in the State, including all boards of education, which have a payroll, must participate in a workers compensation program of their choosing. The cost of all coverage is paid by the employers.

BrickStreet Insurance retains the risk related to the compensation of injured employees under the program.

**Note 5 - Property Taxes:**

All property in the State is classified as follows for ad valorem tax purposes:

Class I — All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.

Class II — All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III — All real and personal property situated outside of municipalities, exclusive of Class I and II property.

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

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per $100 of assessed valuation; Class II - 45.90¢ per $100 of assessed valuation; Class III - 91.80¢ per $100 of assessed valuation; and Class IV - 91.80¢ per $100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessors Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2014, were:

| Class of Property | Assessed Valuations For Tax Purposes | Current Expense | Excess Levy | Permanent Improvement | Bond Purposes |
|---|---|---|---|---|---|
| Class I | $ - | 17.90¢ | 22.95¢ | 1.50¢ | 5.28¢ |
| Class II | $ 1,333,070,060 | 35.80¢ | 45.90¢ | 3.00¢ | 10.56¢ |
| Class III | $ 927,636,995 | 71.60¢ | 91.80¢ | 6.00¢ | 21.12¢ |
| Class IV | $ 1,169,723,230 | 71.60¢ | 91.80¢ | 6.00¢ | 21.12¢ |

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in

**Note 5 - Property Taxes: (Cont.)**

two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

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

**Taxes Receivable**

Taxes receivable as of June 30, 2014, for the Board's funds are as follows:

| | General Current Expense Fund | Debt Service Fund | Permanent Improvement Fund |
|---|---|---|---|
| Taxes Receivable | $ 5,671,073 | $ 764,359 | $ 207,138 |
| Less: Allowance for Uncollectible | (2,438,751) | (319,303) | (105,139) |
| Taxes Receivable, net | $ 3,232,322 | $ 445,056 | $ 101,999 |

**Note 6 - Excess Levy:**

The Board had an excess levy in effect during the fiscal year ended June 30, 2014. The levy was authorized by the voters of the county at an election held on November 4, 2008 for the fiscal years ended June 30, 2014 through June 30, 2015 to provide funds for the following purposes:

- Professional Salary – Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel, and minimum salaries fixed by law and supplemental salaries.
- Service Salary – Including, but not limited to, service personnel salaries, salaries of service personnel in excess of 200 days, salaries for service personnel in excess of state funding limit, and minimum salaries fixed by law and supplemental salaries.
- Substitute – Including, but not limited to, professional and service personnel substitute costs.
- Athletics – Including, but not limited to, salaries for coaches, intramural activities, and other costs associated with athletic programs and facilities.
- Personnel Taxes and Benefits – Including, but not limited to, FICA taxes, unemployment taxes, workers' compensation taxes, retirement, and other insurance, including dental and optical.
- Textbooks, Supplies, Postage, Insurance and Travel – Including, but not limited to, printing,

**Note 6 - Excess Levy: (Cont.)**

copying, school, custodial, library, office, health supplies, postage, textbooks, insurance and travel.

- Contracted Services – Including, but not limited to, staff development, legal services, special education, pest management, financial audit, transportation department employees' random drug and alcohol testing, student drug testing, and fire alarm inspections.

- Construction, Repair, and Maintenance – Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving and bus maintenance.

- Equipment and Rentals – including, but not limited to, maintenance equipment, vehicle replacement, lab equipment, administrative equipment, school equipment, vacuums, copiers, transportation equipment, school copier rentals, computer leases, data communications, Drivers Education car rentals, and communication equipment.

- Cabell County Public Library – The operation of the Cabell County Public Library as required by Section 6, Chapter 207, of the 1967 Acts of the West Virginia Legislature.

- Greater Huntington Park and Recreation District – The operation of the Greater Huntington Park and Recreation District as required by Section 7, Chapter 194, of the 1983 Acts of the West Virginia Legislature.

- Contingency and Other Expenses – Including, but not limited to, unforeseen expenses, commercial drivers' licenses, and other miscellaneous expenses.

A total of $25,509,522 was received by the Board from the excess levy during the fiscal year ended June 30, 2014.

## Note 7 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2014, are as follows:

| | Balance, Beginning of Year | Additions | Retirements | Balance, End of Year |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Land | $ 16,381,828 | $ 63,968 | $ - | $ 16,445,796 |
| Buildings | 178,209,212 | 18,258,365 | - | 196,467,577 |
| Furniture and equipment | 6,635,248 | 4,058,762 | (105,913) | 10,588,097 |
| Vehicles | 11,954,847 | 1,118,273 | - | 13,073,120 |
| Construction in process | 20,381,914 | 6,147,675 | (18,232,540) | 8,297,048 |
| Total capital assets being depreciated | 233,563,049 | 29,647,043 | (18,338,453) | 244,871,638 |
| Less accumulated depreciation for: | | | | |
| Buildings | (61,848,061) | (3,777,778) | - | (65,625,839) |
| Furniture and equipment | (4,669,706) | (383,719) | 94,057 | (4,959,368) |
| Vehicles | (6,193,409) | (841,434) | - | (7,034,843) |
| Total accumulated depreciation | (72,711,176) | (5,002,931) | 94,057 | (77,620,050) |
| Capital Assets, net | $160,851,873 | $ 24,644,111 | $(18,244,396) | $ 167,251,588 |

Depreciation expense was charged to function of the governmental activities as follows:

| | |
|---|---|
| Instruction | $ 3,864,981 |
| Supporting Services: | |
| Students | 621 |
| Instructional Staff | 10,848 |
| Central administration | 12,564 |
| Business | 7,560 |
| Operation & maintenance of facilities | 92,622 |
| Transportation | 797,621 |
| Food services | 216,114 |
| Total Depreciation expense | $ 5,002,931 |

## Note 8 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2014, is as follows:

| | Balance, Beginning of Year | Additions | Deductions | Balance, End of Year | Amounts due within one year | Amounts due past one year |
|---|---|---|---|---|---|---|
| General obligation debt | $37,340,000 | $ - | $3,945,000 | $33,395,000 | $4,135,000 | $29,260,000 |
| Compensated absences | 514,793 | 31,794 | - | 546,587 | 546,587 | - |
| Long-term liabilities | $37,854,793 | $ 31,794 | $3,945,000 | $33,941,587 | $4,135,000 | $29,806,587 |

**Note 8 - Long-term Debt: (Cont.)**

**Bond Issue of 2006:**

On January 28, 2006, the Board issued $60,455,000 in general obligation bonds to provide funds for (school construction and renovations). The bonds mature in varying annual increments through May 21, 2021, and interest is payable semiannually at varying rates. Payments on the general obligation bonds payable during the year were made from the debt service fund. Of the total amount required to amortize all general obligation bonds outstanding as of June 30, 2014, including interest payments, the following summarizes the current and long-term portions:

| Year Ending, June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $4,135,000 | $1,419,038 | $5,554,038 |
| 2016 | 4,330,000 | 1,212,288 | 5,542,288 |
| 2017 | 4,535,000 | 995,788 | 5,530,788 |
| 2018 | 4,750,000 | 769,038 | 5,519,038 |
| 2019 | 4,975,000 | 531,538 | 5,506,538 |
| 2020-2021 | 10,670,000 | 483,900 | 11,153,900 |
| | $33,395,000 | $5,411,590 | $38,806,590 |

**Note 9 - Employee Retirement System:**

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Defined Benefit Retirement System or the Teachers' Defined Contribution Retirement System. For the year ended June 30, 2014, the Board's total payroll for all employees was $74,916,581 and the payroll was $68,938,139 for employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements. The balance is considered to be the State's contribution toward the past service unfunded liability and is not included either as a revenue or an expenditure in the Board's financial statements.

Trend Information: Ten-year historical trend information relating to the accumulation of assets and the unfunded liability of both plans is available from the Consolidated Public Retirement Board.

Conversion of leave for post-retirement: Upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree.

**Note 9 - Employee Retirement System: (Cont.)**

**Teachers' Defined Benefit Retirement System:**

Plan Description: The Teachers' Defined Benefit Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941, and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. To qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent.

Upon retirement members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

Funding Status: According to the January 15, 2014, Actuarial Valuation Report of the Teachers' Retirement System, the plan's actuarial unfunded liability was $4.18 billion as of July 1, 2013.

Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 13.5% annually.

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

**Note 9 - Employee Retirement System: (Cont.)**

The required contributions for the year ended June 30, 2014, and the two previous years were:

| Year Ended June 30, | 2012 | 2013 | 2014 |
|---|---|---|---|
| Required Contributions | $ 458,047,000 | $ 483,013,000 | $454,983,000 |
| Percent of Current-Year Covered Payroll | 27.65% | 29.18% | 27.82% |

Total payments reflected in the Board's financial statements to the defined benefit plan for fiscal year 2014 were:

| | |
|---|---|
| Employees' contributions (6%) | $ 3,757,715 |
| Employer's contributions (15% or 7.5%) | 5,862,182 |
| Total contributions | $ 9,619,897 |

**Teachers' Defined Contribution Retirement System:**

Plan Description: All Board employees hired after July 1, 1991, but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. According to HB 101 which was passed during the 2008 legislative session, existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at any time. The investment options are: Great-West SF Balanced Trust, Great-West Lifetime 2015 Trust II, Great-West Lifetime 2025 Trust II, Great-West Lifetime 2035 Trust II, Great-West Lifetime 2045 Trust II, Great-West Lifetime 2055 Trust II, American Funds EuroPacific R5, Franklin Mutual Global Discovery Fund – Z, Heartland Value Plus Inst, Sentinel Small Company I, Vanguard Small-Cap Index Fund – Inv, American Century Heritage Inv, Scout Mid Cap, JHancock Large Cap Equity I, Putnam Equity Income Y, Vanguard Large Cap Index Inv, PIMCO Total Return Fund – Admin, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund, and Valic Fixed Annuity Option.

**Note 9 - Employee Retirement System: (Cont.)**

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2013, this plan had approximately $350.6 million in net assets for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Great West Retirements Services, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the defined contribution plan for fiscal year 2014 were:

| | | |
|---|---|---|
| Employees' contributions (4.5%) | $ | 283,930 |
| Employer's contributions (7.5%) | | 473,218 |
| Total contributions | $ | 757,148 |

**Note 10 - Post Employment Benefits Other Than Pension:**

**A. General Information**

The Governmental Accounting Standards Board (GASB) issued Statement 45 in 2004 to establish standards for the measurement, recognition, and reporting of OPEB expenses/expenditures and related liabilities.

Other post-employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001, to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits; vested the responsibility for operation of the fund with the PEIA Board of Finance; required the Board of Finance to adopt actuarial assumptions and determine the annual required contribution (ARC) rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits; required the board to have an actuarial valuation conducted at least biannually; required the Board of

**Note 10 - Post Employment Benefits Other Than Pension: (Cont.)**

Finance to set the total ARC sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles; required the Board of Finance to bill all participating employers their share of the ARC, and; required participating employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001, may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

**Note 10 - Post Employment Benefits Other Than Pension: (Cont.)**

Based on the latest actuarial evaluation of the RHBT, the annual required contribution (ARC) for the State and the boards of education for fiscal year ended June 30, 2014, was determined to be:

| | Total | Amount per Policyholder |
|---|---|---|
| Total Annual Required Contribution | $231,737,000 | $3,240 |
| Remaining OPEB Cost Employers must Accrue | 160,822,000 | 2.117 |
| Remaining ARC | $ 70,915,000 | $1,123 |

The following summarizes the Board's OPEB activity:

| | |
|---|---|
| OPEB, beginning of the year | $3,564,494 |
| Total OPEB expense | 4,067,849 |
| Less: | |
| State Appropriation Allowance | (801,249) |
| Pay-as-you-go payments and payables | (3,199,926) |
| OPEB Expense at year end | $3,631,168 |

The Board has contributed the following amounts, which are net of any credits issued by PEIA/RHBT for each period, for OPEB for the last three years:

| Fiscal Year Ending June 30, | Annual OPEB Cost | Percentage Contributed |
|---|---|---|
| 2014 | $4,067,849 | 79% |
| 2013 | $3,540,419 | 76% |
| 2012 | $3,630,814 | 75% |

**B. Current Year Credits**

In February 2012, the West Virginia Legislature passed Senate Bill 469 that transferred the portion of the OPEB liability attributable to personnel funded through the state aid funding formula to the State of West Virginia. The Board is required to report only the portion of the OPEB liability attributable to the personnel employed in excess of the number funded through the formula in its financial statements for the current and all subsequent years until the actuarial unfunded liability is completely funded. To remove the OPEB liability, PEIA/RHBT issued credits to the Board. The amount of credit issued for fiscal year 2014 was $801,249. This amount was treated as a reduction of current year operating expenses.

**Note 11 - Pending Litigation:**

The Board is involved in a number of legal proceedings and claims, involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

**Note 12 - Restatement of Beginning Fund Balance:**

The fund balance at the beginning of the year of the following funds required restatement:

| | General Current Expense Fund | Special Revenue Fund |
|---|---|---|
| Fund balance at June 30, 2014, as previously stated | $ 26,400,558 | $ - |
| Total Adjustments (See Below) | 79,930 | 2,735,385 |
| Fund balance at June 30, 2014, Restated | $ 26,480,488 | $ 2,735,385 |

The adjustments consisted of the following:

General Current Expense Fund:

The Board's Statement of Activities for June 30, 2014, shows prior year adjustment – change in procedure and corrections of $2,815,315. Of this amount $79,930 was a correction of the June 30, 2013, statement. At the date of last year's statements, it was the Board's position that $79,930 should be paid back to Medicaid due to an overpayment based on our billing. After the audit of the June 30, 2013, statements, the Board learned the billing was correct and no repayment was needed.

Special Revenue Fund:

The Board's Statement of Activities for June 30, 2014, shows prior year adjustment – change in procedure and corrections of $2,815,315. Of this amount $2,735,385, was a restatement due to a change in the regulatory agency's prescribed procedure previously requiring restricted special revenue funds to be classified in the liability section of the balance sheet as deferred revenue. Those types of balances are now recorded in the equity section of the balance sheet as restricted funds.

## Note 13 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2014, are as follows:

| Fund Balances | General Current Expense Fund | Special Revenue Fund | Debt Service Fund | Permanent Improvement Fund | Capital Projects Fund |
|---|---|---|---|---|---|
| **Restricted:** | | | | | |
| Special Projects | $ - | $ 2,267,998 | $ - | $ - | $ - |
| Capital Projects | - | - | - | 4,402,139 | 3,723,599 |
| Debt Service | - | - | $ 5,233,199 | - | - |
| **Committed:** | | | | | |
| Matching SBA Capital | - | - | - | - | 4,476,804 |
| **Assigned:** | | | | | |
| Medicaid | 1,957,619 | - | - | - | - |
| Equipment Operations | 100,000 | - | - | - | - |
| E-Rate Technology | 121,886 | - | - | - | - |
| Health Care | 11,808 | - | - | - | - |
| Summer School | 40,000 | - | - | - | - |
| Beginning Balance | 4,140,000 | - | - | - | - |
| Capital Beverly Hills | 3,100,000 | - | - | - | - |
| **Encumbrance:** | | | | | |
| Instruction | 717,648 | - | - | - | - |
| Support Service - Student | 16,688 | - | - | - | - |
| Support Service - Instructional | 156,633 | - | - | - | - |
| Administration | 127,372 | - | - | - | - |
| School Administration | 14,830 | - | - | - | - |
| Support Central | 85,167 | - | - | - | - |
| Operation and Maintenance | 851,065 | - | - | - | - |
| Transportation | 284,116 | - | - | - | - |
| Community | 55,000 | - | - | - | 7,079,630 |
| **Unassigned:** | 18,217,898 | - | - | - | - |
| Total Fund Balances | $29,997,730 | $ 2,267,998 | $ 5,233,199 | $4,402,139 | $15,280,033 |

**Note 14 - Commitments, Contingencies, and Subsequent Events:**

The Board had encumbrances in each fund balance as of June 30, 2014, as listed below:

| | |
|---|---|
| General Revenue Fund | $2,308,519 |
| Permanent Improvements Fund | $1,175,015 |
| Capital Projects Fund | $7,913,874 |
| Special Revenue Fund | $1,217,046 |

Encumbrances are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

As of June 30, 2014, the following commitments either classified as committed and/or restricted for construction and other capital improvements existed, which are included in the Fund balances reflected in the accompanying financial statements:

| | |
|---|---|
| Permanent Improvement Fund | $ 4,402,139 |
| Capital Projects Fund | $ 8,200,403 |

Under the terms of certain federal grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Board's financial statements. Management of the Board believes that the Board is in compliance with applicable laws and regulations, in all material respects. Based on prior experience, the Board believes such disallowances, if any, would be immaterial.

For the fiscal year ended June 30, 2014, Medicaid school-based health services revenue was recognized in accordance with fee-for-service billing as in prior years by the Board. However, the Centers for Medicare and Medicaid Services (CMS) have required the West Virginia Department of Health and Human Services (DHHR) to revise the school-based health services portion of the Medicaid State Plan. When implemented, revenue will be recognized based on an estimated annual cost settlement. Based on the current negotiations between CMS and DHHR, the anticipated effective date of the revised methodology will be July 1, 2014. However, the possibility exists that CMS may require an earlier effective date. If the July 1, 2014, effective date is not approved by CMS, the Medicaid revenue amounts for the fiscal year ended June 30, 2014, could be significantly different than the amounts currently presented.

The Board owns various buildings which are known to contain asbestos and/or other environmental issues. The Board is not required by federal, state or local law to remove the asbestos from its buildings. The Board is required under federal environmental health and safety regulations to manage the presence of asbestos and other environmental issues in its buildings in a safe condition. The Board addresses its responsibility to manage the presence of asbestos and other environmental issues in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. The Board also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

**Note 15 - Interfund Balances and Transfers:**

The composition of interfund balances as of June 30, 2014, is as follows:

| Receivable From | Payable To | Amount |
|---|---|---|
| General Current Expense | Special Revenue | $ 2,912,452 |
| General Current Expense | Capital Projects | 3,135,326 |
| Special Revenue | General Current Expense | 95,047 |
| Total Transfers | | $ 6,142,825 |

Interfund Transfers

During 2014, the General Fund transferred monies to the Special Revenue Fund and the Capital Projects Fund to move unrestricted revenue, collected in the General Current Expense Fund to finance programs accounted for in these Funds in accordance with budgetary authorization. The Special Revenue Fund reimbursed the General Fund an amount from indirect costs.

**Note 16 - Major Sources of Revenue:**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

# REQUIRED SUPPLEMENTARY INFORMATION

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL CURRENT EXPENSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | Basis | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Property taxes | $ 42,579,263 | $ 42,715,372 | $ 44,752,484 | $ - | $ 44,752,484 | $ 2,037,112 |
| Other local sources | 360,772 | 1,049,479 | 1,720,997 | - | 1,720,997 | 671,518 |
| State sources | 80,691,021 | 81,245,646 | 81,252,671 | - | 81,252,671 | 7,025 |
| Federal sources | 1,440,854 | 1,440,854 | 1,978,911 | - | 1,978,911 | 538,057 |
| **Total revenues** | 125,071,910 | 126,451,351 | 129,705,063 | - | 129,705,063 | 3,253,712 |
| **Expenditures:** | | | | | | |
| Instruction | 76,437,791 | 80,015,145 | 74,680,932 | (44,425) | 74,636,507 | 5,378,638 |
| Supporting services: | | | | | | |
| Students | 5,903,451 | 5,895,278 | 5,478,719 | (3,528) | 5,475,191 | 420,087 |
| Instructional staff | 3,640,172 | 4,493,537 | 3,819,062 | (1,446) | 3,817,616 | 675,921 |
| General administration | 1,603,532 | 1,978,128 | 1,442,912 | (246) | 1,442,666 | 535,462 |
| School administration | 7,064,079 | 6,953,964 | 6,638,817 | (3,565) | 6,635,252 | 318,712 |
| Central services | 1,984,896 | 2,128,041 | 1,644,625 | (678) | 1,643,947 | 484,094 |
| Operation and maintenance of facilities | 15,845,606 | 16,490,174 | 15,882,190 | (6,648) | 15,875,542 | 614,632 |
| Student transportation | 9,222,452 | 9,901,157 | 8,680,482 | (6,138) | 8,674,344 | 1,226,813 |
| Food services | - | 10,576 | 9,274 | - | 9,274 | 1,302 |
| Community services | 1,992,801 | 2,130,913 | 1,958,077 | - | 1,958,077 | 172,836 |
| **Total expenditures** | 123,694,780 | 129,996,913 | 120,235,090 | (66,674) | 120,168,416 | 9,828,497 |
| Excess (deficiency) of revenues over expenditures | 1,377,130 | (3,545,562) | 9,469,973 | 66,674 | 9,536,647 | 13,082,209 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | - | 95,047 | - | 95,047 | 95,047 |
| Transfers (out) | (3,517,778) | (6,047,778) | (6,047,778) | - | (6,047,778) | - |
| **Total other financing sources (uses)** | (3,517,778) | (6,047,778) | (5,952,731) | - | (5,952,731) | 95,047 |
| **Change in fund balances** | (2,140,648) | (9,593,340) | 3,517,242 | 66,674 | 3,583,916 | 13,177,256 |
| **Fund balances - beginning** | 26,400,558 | 26,400,558 | 26,400,558 | - | 26,400,558 | - |
| **Prior period adjustment** | - | - | 79,930 | - | 79,930 | - |
| **Fund balances - beginning, as restated** | 26,400,558 | 26,400,558 | 26,480,488 | - | 26,480,488 | - |
| **Fund balances - ending** | $ 24,259,910 | $ 16,807,218 | $ 29,997,730 | $ 66,674 | $ 30,064,404 | $ 13,177,256 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| **Revenues:** | Original | Final | Amounts | | Amounts | (Unfavorable) |
| Local sources | $ 1,286,934 | $ 1,086,319 | $ 1,054,889 | $ - | $ 1,054,889 | $ (31,430) |
| State sources | 3,973,441 | 5,961,482 | 5,953,637 | - | 5,953,637 | (7,845) |
| Federal sources | 13,693,901 | 21,125,731 | 15,991,268 | - | 15,991,268 | (5,134,463) |
| **Total revenues** | 18,954,276 | 28,173,532 | 22,999,794 | - | 22,999,794 | (5,173,738) |
| **Expenditures:** | | | | | | |
| Instruction | 6,261,006 | 15,667,252 | 11,839,196 | - | 11,839,196 | 3,828,056 |
| Supporting services: | | | | | | |
| Students | 352,278 | 1,010,852 | 864,408 | - | 864,408 | 146,444 |
| Instructional staff | 1,177,587 | 3,928,222 | 2,446,730 | - | 2,446,730 | 1,481,492 |
| School administration | 87,759 | 223,577 | 188,780 | - | 188,780 | 34,797 |
| Central service | 13,466 | 78,480 | 16,326 | - | 16,326 | 62,154 |
| Operation and maintenance of facilities | - | 113,763 | 109,442 | - | 109,442 | 4,321 |
| Student transportation | 998,614 | 1,163,534 | 1,018,289 | - | 1,018,289 | 145,245 |
| Food services | 8,733,747 | 9,995,689 | 9,746,452 | - | 9,746,452 | 249,237 |
| Community services | - | 185,255 | 54,963 | - | 54,963 | 130,292 |
| Capital outlay | - | 84,675 | - | - | - | 84,675 |
| **Total expenditures** | 17,624,457 | 32,451,299 | 26,284,586 | - | 26,284,586 | 6,166,713 |
| Excess (deficiency) of revenues over expenditures | 1,329,819 | (4,277,767) | (3,284,792) | - | (3,284,792) | 992,975 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 3,517,778 | 3,104,451 | 2,912,452 | - | 2,912,452 | (191,999) |
| Transfers (out) | - | (155,613) | (95,047) | - | (95,047) | 60,566 |
| **Total other financing sources (uses)** | 3,517,778 | 2,948,838 | 2,817,405 | - | 2,817,405 | (131,433) |
| **Change in fund balances** | 4,847,597 | (1,328,929) | (467,387) | - | (467,387) | 861,542 |
| **Fund balances - beginning** | - | - | - | - | - | - |
| **Prior period adjustment** | - | - | 2,735,385 | - | - | - |
| **Fund balances - beginning, as restated** | - | - | 2,735,385 | - | - | - |
| **Fund balances - ending** | $ 4,847,597 | $ (1,328,929) | $ 2,267,998 | $ - | $ (467,387) | $ 861,542 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| Local sources | $ 5,564,288 | $ 5,564,288 | $ 5,879,144 | $ - | $ 5,879,144 | $ 314,856 |
| State sources | - | - | 68,769 | - | 68,769 | 68,769 |
| **Total revenues** | 5,564,288 | 5,564,288 | 5,947,913 | - | 5,947,913 | 383,625 |
| **Expenditures:** | | | | | | |
| Debt service: | | | | | | |
| Principal retirement | 3,945,000 | 3,945,000 | 3,945,000 | - | 3,945,000 | - |
| Interest and fiscal charges | 1,619,288 | 1,619,288 | 1,618,356 | - | 1,618,356 | 932 |
| **Total expenditures** | 5,564,288 | 5,564,288 | 5,563,356 | - | 5,563,356 | 932 |
| Excess (deficiency) of revenues over expenditures | - | - | 384,557 | - | 384,557 | 384,557 |
| **Change in fund balances** | - | - | 384,557 | - | 384,557 | 384,557 |
| **Fund balances - beginning** | 4,848,642 | 4,848,642 | 4,848,642 | - | 4,848,642 | - |
| **Fund balances - ending** | $ 4,848,642 | $ 4,848,642 | $ 5,233,199 | $ - | $ 5,233,199 | $ 384,557 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| **Revenues:** | Original | Final | Amounts | | Amounts | (Unfavorable) |
| Local sources | $ 1,481,629 | $ 1,481,629 | $ 1,612,497 | | $ 1,612,497 | $ 130,868 |
| Miscellaneous sources | - | - | 20,461 | - | 20,461 | 20,461 |
| **Total revenues** | 1,481,629 | 1,481,629 | 1,632,958 | - | 1,632,958 | 151,329 |
| **Expenditures:** | | | | | | |
| Capital outlay | 1,105,296 | 6,582,664 | 2,399,586 | - | 2,399,586 | 4,183,078 |
| Operation and maintenance of facilities | 376,333 | 391,333 | 323,601 | - | 323,601 | 67,732 |
| **Total expenditures** | 1,481,629 | 6,973,997 | 2,723,187 | - | 2,723,187 | 4,250,810 |
| Excess (deficiency) of revenues over expenditures | - | (5,492,368) | (1,090,229) | - | (1,090,229) | 4,402,139 |
| **Change in fund balances** | - | (5,492,368) | (1,090,229) | - | (1,090,229) | 4,402,139 |
| **Fund balances - beginning** | 5,492,368 | 5,492,368 | 5,492,368 | - | 5,492,368 | - |
| **Fund balances - ending** | $ 5,492,368 | $ - | $ 4,402,139 | $ - | $ 4,402,139 | $ 4,402,139 |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL PROJECT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts Regulatory Basis | | Actual GAAP Basis | Adjustments for Regulatory Basis | Actual Regulatory Basis | Variance With Final Budget Favorable |
|---|---|---|---|---|---|---|
| | Original | Final | Amounts | | Amounts | (Unfavorable) |
| **Revenues:** | | | | | | |
| State sources | $ - | $ 9,277,077 | $ 3,832,990 | $ - | $ 3,832,990 | $ (5,444,087) |
| **Total revenues** | - | 9,277,077 | 3,832,990 | - | 3,832,990 | (5,444,087) |
| **Expenditures:** | | | | | | |
| Capital outlay | - | 27,557,163 | 9,994,775 | - | 9,994,775 | 17,562,388 |
| Operation and maintenance of facilities | - | 19,435 | 14,545 | - | 14,545 | 4,890 |
| **Total expenditures** | - | 27,576,598 | 10,009,320 | - | 10,009,320 | 17,567,278 |
| Excess (deficiency) of revenues over expenditures | - | (18,299,521) | (6,176,330) | - | (6,176,330) | 12,123,191 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | 1,863,257 | 3,135,326 | - | 3,135,326 | 1,272,069 |
| Transfers (out) | - | - | - | - | - | - |
| **Total other financing sources (uses)** | - | 1,863,257 | 3,135,326 | - | 3,135,326 | 1,272,069 |
| **Change in fund balances** | - | (16,436,264) | (3,041,004) | - | (3,041,004) | 13,395,260 |
| **Fund balance - beginning** | 18,321,037 | 18,321,037 | 18,321,037 | - | 18,321,037 | - |
| **Fund balance - ending** | $ 18,321,037 | $ 1,884,773 | $ 15,280,033 | $ - | $ - | $ (1,884,773) |

See Notes to the Required Supplementary Information.

CABELL COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

## A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.

2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

## B. Excess of Expenditures over Appropriations:

For the year ended June 30, 2014, expenditures did not exceed appropriations in any of the funds listed at the function level, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

# SUPPLEMENTARY INFORMATION

# CABELL COUNTY BOARD OF EDUCATION
## SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Cash Balance 7/1/2013 | Revenues Received | Expenditures Paid | Cash Balance 6/30/2014 |
|---|---|---|---|---|
| ALTIZER ELEMENTARY | $ 30,880 | $ 35,378 | $ 31,280 | $ 34,978 |
| CENTRAL CITY ELEMENTARY | 154,808 | 35,598 | 42,831 | 147,575 |
| COX LANDING ELEMENTARY | 10,522 | 10,254 | 11,708 | 9,068 |
| CULLODEN ELEMENTARY | 17,200 | 23,604 | 27,061 | 13,743 |
| DAVIS CREEK ELEMENTARY | 39,562 | 41,014 | 34,535 | 46,041 |
| GENEVA KENT ELEMENTARY | 11,553 | 25,135 | 27,214 | 9,474 |
| GUYANDOTTE ELEMENTARY | 6,254 | 7,493 | 8,345 | 5,402 |
| HIGHLAWN ELEMENTARY | 18,899 | 37,882 | 34,574 | 22,207 |
| HITE SAUNDERS ELEMENTARY | 30,744 | 37,989 | 37,703 | 31,030 |
| MARTHA ELEMENTARY | 13,622 | 43,771 | 43,460 | 13,933 |
| MEADOWS ELEMENTARY | 10,717 | 18,177 | 15,333 | 13,561 |
| MILTON ELEMENTARY | 102,499 | 76,968 | 71,558 | 107,909 |
| NICHOLS ELEMENTARY | 13,429 | 62,132 | 54,291 | 21,270 |
| ONA ELEMENTARY | 22,796 | 46,208 | 40,455 | 28,549 |
| PEYTON ELEMENTARY | 15,622 | 9,932 | 14,064 | 11,490 |
| SALT ROCK ELEMENTARY | 24,907 | 18,758 | 22,255 | 21,410 |
| SOUTHSIDE ELEMENTARY | 45,002 | 42,134 | 56,078 | 31,058 |
| SPRING HILL ELEMENTARY | 9,913 | 22,815 | 17,804 | 14,924 |
| VILLAGE OF B'VILLE ELEMENTARY | 58,219 | 105,699 | 103,384 | 60,534 |
| BARBOURSVILLE MIDDLE | 103,666 | 196,114 | 205,175 | 94,605 |
| HUNTINGTON EAST MIDDLE | 56,237 | 87,899 | 80,384 | 63,752 |
| HUNTINGTON MIDDLE | 86,110 | 57,756 | 62,826 | 81,040 |
| MILTON MIDDLE | 99,089 | 180,917 | 180,263 | 99,743 |
| CABELL COUNTY CAREER TECH | 517,992 | 512,111 | 591,817 | 438,286 |
| CABELL MIDLAND HIGH | 233,275 | 623,723 | 603,312 | 253,686 |
| HUNTINGTON HIGH | 196,079 | 593,456 | 586,905 | 202,630 |
| TOTAL | $ 1,929,596 | $ 2,952,917 | $ 3,004,615 | $ 1,877,898 |

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Current Year | | | Levy To Date | | |
|---|---|---|---|---|---|---|
| | Estimated Per Levy Call | Actual | Variance | Estimated Per Levy Call | Actual | Variance |
| **Excess Levy Collections** | $ 19,865,101 | $ 25,509,521 | $ 5,644,420 | $ 79,460,404 | $ 96,697,716 | $ 17,237,312 |
| **Expenditures (County Specific Levy Call):** | | | | | | |
| **Professional Salary-**<br>Including, but not limited to, professional salaries, salaries of personnel in excess of 200 days, salaries for professionals in excess of state funding limit, salaries of non-certified personnel and minimum salaries fixed by law and supplemental salaries. | 6,574,629 | 9,377,572 | 2,802,943 | 26,298,516 | 33,774,598 | 7,476,082 |
| **Service Salary**<br>Including, but not limited to, service personnel salaries, salaries of service personnel in excess of 200 days, salaries for service personnel in excess of state funding limit, and minimum salaries fixed by law and supplemental salaries. | 2,027,544 | 2,711,312 | 683,768 | 8,110,176 | 10,062,279 | 1,952,103 |
| **Substitute**<br>Including, but not limited to, professional and service personnel substitute costs. | 681,809 | 1,061,458 | 379,649 | 2,727,236 | 3,532,008 | 804,772 |
| **Athletics**<br>Including, but not limited to, salaries for coaches, intramural activities, and other costs associated with athletic programs and facilities. | 400,000 | 504,000 | 104,000 | 1,600,000 | 1,938,400 | 338,400 |
| **Personnel Taxes and Benefits**<br>Including, but not limited to, FICA taxes, unemployment taxes, workers' compensation taxes, retirement, and other insurance, including dental and optical. | 2,861,350 | 3,605,301 | 743,951 | 11,445,400 | 13,866,102 | 2,420,702 |
| **Text Books, Supplies, Postage, Insurance and Travel**<br>Including, but not limited to, printing, copying school, custodial, library, office, and health supplies, postage, textbooks, insurance and travel. | 1,944,359 | 1,989,377 | 45,018 | 7,777,436 | 8,531,333 | 753,897 |
| **Contracted Services**<br>Including, but not limited to staff development, legal services, special education, pest management, financial audit, transportation department employees random drug and alcohol testing, student drug-testing, and fire alarm inspections. | 715,703 | 901,786 | 186,083 | 2,862,812 | 3,471,297 | 608,485 |
| **Construction, Repair and Maintenance**<br>Including, but not limited to, construction, building repair, roof replacement, asbestos projects, structural repairs, fire code corrections, Americans with Disabilities Act compliance, equipment maintenance, paving and bus maintenance. | 1,132,398 | 1,426,821 | 294,423 | 4,529,592 | 5,487,600 | 958,008 |
| **Equipment and Rentals**<br>Including, but not limited to, maintenance equipment, vehicle replacement, lab equipment, administrative equipment, school equipment, vacuums, copiers, transportation equipment, school copier rentals, computer leases, data communications Drivers Education car rentals, and communication equipment. | 1,523,110 | 1,888,357 | 365,247 | 6,092,440 | 7,350,230 | 1,257,790 |
| **Cabell County Public Library**<br>The operation of the Cabell County Public Library as required by Section 5, Chapter 207, of the 1967 Acts of the West Virginia Legislature. | 1,211,816 | 1,559,703 | 347,887 | 4,847,264 | 5,910,088 | 1,062,824 |
| **Greater Huntington Park and Recreation District**<br>The operation of the Greater Huntington Park and Recreation District as required by Section 7, Chapter 194, of the 1983 Acts of the West Virginia Legislature. | 374,797 | 483,834 | 109,037 | 1,499,188 | 1,826,227 | 327,039 |
| **Contingency and Other Expenses**<br>Including, but not limited to, unforeseen expenses, commercial drivers licenses, and other miscellaneous expenses. | 417,586 | - | (417,586) | 1,670,344 | 947,554 | (722,790) |
| **Total Expenditures** | 19,865,101 | 25,509,521 | 5,644,420 | 79,460,404 | 96,697,716 | 17,237,312 |
| **Excess (Deficiency) of Collections over Expenditures** | $ - | $ - | $ - | $ - | $ - | $ - |

# OTHER INFORMATION

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Expenditures Paid |
|---|---|---|---|
| U.S. Department of Agriculture | | | |
| Passed Through West Virginia Department of Education | | | |
| Child Nutrition Cluster: | | | |
| National School Breakfast and Lunch Program | 10.555 | 88 | $ 5,066,088 |
| After School | 10.555 | 88 | 68,133 |
| Summer Food Program | 10.559 | 88 | 122,801 |
| Team Nutrition | 10.574 | 88 | 78,697 |
| Fresh Fruit and Vegetable Program | 10.582 | 88 | 147,956 |
| Donated Foods | 10.555 | 88 | 520,943 |
| Total U.S. Department of Agriculture | | | 6,004,618 |
| U.S. Department of Labor | | | |
| Passed Through West Virginia Department of Education | | | |
| Workforce Investment | 17.267 | 70 | 1,500 |
| Total U.S. Department of Labor | | | 1,500 |
| U.S. Department of Education | | | |
| Passed Through West Virginia Department of Education | | | |
| Adult Basic Education | 84.002 | 61 | 296,977 |
| Title I Grants to Local Educational Agencies | 84.010 | 41 | 5,982,564 |
| Vocational Education Basic Grants to States | 84.048 | 50 | 270,131 |
| Special Education Cluster: | | | |
| Special Education Grants to States | 84.027 | 43 | 2,598,327 |
| Special Education - Pre-School | 84.173 | 43 | 85,321 |
| Education for Homeless Children and Youth | 84.196 | 54 | 43,561 |
| English Language Acquisition Grants | 84.365 | 45 | 28,199 |
| 21st Century Community Learning Centers | 84.287 | 46 | 164,204 |
| Title II Improving Teacher Quality | 84.367 | 40 | 755,243 |
| Total U.S. Department of Education | | | 10,224,527 |
| U.S. Department of Health and Human Services | | | |
| Passed Through West Virginia Department of Education | | | |
| Policy Research | 93.293 | 49 | 204 |
| Total U.S. Department of Health and Human Services | | | 204 |
| Total Federal Financial Assistance Expended | | | $ 16,230,849 |

See Notes to the Schedule of Expenditures of Federal Awards.

CABELL COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cabell County Board of Education and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Food Distribution:**

The Cabell County Board of Education's non-cash assistance received from the U.S. Department of Agriculture Donated Foods Program of $520,943 is included in the Schedule of Expenditures of Federal Awards based upon the fair market value of the commodities at the time of receipt and reflects the amount distributed for the year ended June 30, 2014.

The Fyffe Jones Group, AC

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606-329-8604

806 Chillicothe Street
Portsmouth, OH 45662
740-353-0400

1033 Twentieth Street
P.O. Box 1148
Huntington, WV 25713-1148
304-525-8592

# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Cabell County Board of Education
Huntington, West Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cabell County Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Cabell County Board of Education's basic financial statements, and have issued our report thereon dated March 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cabell County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cabell County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cabell County Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



E-MAIL info@fja-cpas.com FAX lines: Ashland: 606-324-2823; Huntington: 304-525-4230; Portsmouth: 740-353-6724

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cabell County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
March 20, 2015

The Fyffe Jones Group, AC

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Cabell County Board of Education
Huntington, West Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the Cabell County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cabell County Board of Education's major federal programs for the year ended June 30, 2014. Cabell County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cabell County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Cabell County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Cabell County Board of Education's compliance.



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*Opinion on Each Major Federal Program*

In our opinion, the Cabell County Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the Cabell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cabell County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cabell County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The Fyffe Jones Group, AC.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia
March 20, 2015

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Summary of Audit Results:**

*Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None Reported |
| Noncompliance material to financial statements? | No |

*Federal Awards*

| | |
|---|---|
| Internal control over major programs | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510 (a)? | No |

The Board had the following major federal award programs with CFDA numbers in parentheses for the year ended June 30, 2014:

Child Nutrition Cluster (10.555, 10.559, 10574 and 10.582)

Adult Basic Education (84.002)

Vocational Education Basic Grants to States (84.048)

21st Century Community Learning Centers (84.287)

The dollar threshold used for distinguishing between Type A and Type B programs was $486,925.

The Cabell County Board of Education qualified as a low-risk auditee under OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.*

**Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:**

No matters were reported.

**Findings and Questioned Costs Related to Federal Awards:**

No matters were reported.

CABELL COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

There were no findings in the prior audit.

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# Economic and Demographic Data
# Cabell County, West Virginia

*(Source is WORKFORCE West Virginia except as otherwise provided)*

**Location:** Cabell County is located in western West Virginia

**County Seat:** City of Huntington

**The County:** The County is governed by, and generally acts through, The Cabell County Commission. The Commissioners of the County Commission are elected on a countywide basis.

**Commissioners:** Anne Yon, President
Nancy Cartmill
Bob Bailey

## Population

| Year | Cabell County | West Virginia | United States |
|---|---|---|---|
| 2014 | 97,109 | 1,850,326 | 318,857,056 |
| 2013 | 97,181 | 1,853,595 | 316,497,531 |
| 2012 | 96,935 | 1,856,313 | 314,112,078 |
| 2011 | 96,557 | 1,854,982 | 311,721,632 |
| 2010 | 96,319 | 1,854,176 | 309,347,057 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

## Per Capita Personal Income

| County | 2009 | 2013 | Rank in State In 2013 |
|---|---|---|---|
| United States | $39,379 | $44,765 | --- |
| West Virginia | $31,259 | $35,533 | --- |
| Cabell County | $32,644 | $35,779 | 11 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

## Largest Employers in County (March 2014)

| Employer |
|---|
| 1. St. Mary's Medical Center, Inc. |
| 2. Cabell Huntington Hospital, Inc. |
| 3. Cabell County Board of Education |
| 4. Marshall University |
| 5. University Physicians & Surgeons |
| 6. Huntington Alloys Corporation |
| 7. Wal-Mart Stores, Inc. |
| 8. DirecTV Customer Service, Inc. |
| 9. Alcon Research, LTD |
| 10. AMZN WVCS, LLC |

## Average Annual Unemployment Rates (%) – Not Seasonally Adjusted

| Year | Cabell County | West Virginia | U.S. |
|---|---|---|---|
| 2014 | 5.5 | 6.5 | 6.2 |
| 2013 | 5.7 | 6.7 | 7.4 |
| 2012 | 6.5 | 7.5 | 8.1 |
| 2011 | 7.2 | 8.1 | 8.9 |
| 2010 | 7.2 | 8.7 | 9.6 |

Source: U.S. Department of Labor, Bureau of Labor Statistics

## Average Employment and Annual Wage

| | Average Employment | | Average Weekly Wage | |
|---|---|---|---|---|
| | 2010 | 2014 | 2010 | 2014 |
| Cabell County | 51,376 | 50,962 | $709.54 | $761.54 |
| West Virginia | 692,305 | 701,817 | $725.04 | $790.25 |

## Average Annual Employment by Industry (2014)

| Industry | Employment |
|---|---|
| Construction | 1,838 |
| Manufacturing | 4,606 |
| Trade, Transportation & Utilities | 9,750 |
| Information | 586 |
| Financial Activities | 1,812 |
| Professional & Business Services | 5,125 |
| Education & Health Services | 12,920 |
| Leisure & Hospitality | 5,854 |
| Other | 1,516 |
| Government | 7,316 |
| Unclassified | 38 |
| TOTAL | 51,376 |

## Wages Per Industry (2014) ($)

| Industry | Total Wages | Average Weekly Wage |
|---|---|---|
| Construction | 88,803,635 | 929.14 |
| Manufacturing | 267,404,595 | 1,116.46 |
| Trade, Transportation & Utilities | 299,916,748 | 591.55 |
| Information | 30,640,314 | 1,005.52 |
| Financial Activities | 88,417,256 | 938.37 |
| Professional & Business Services | 173,615,210 | 651.46 |
| Education & Health Services | 626,192,790 | 932.06 |
| Leisure and Hospitality | 84,325,531 | 277.01 |
| Other Services | 37,565,068 | 476.52 |
| Government | 336,009,221 | 883.23 |
| Unclassified | 573,085 | 290.02 |
| TOTAL | 2,034,497,268 | 761.54 |

## Total Wages ($)

| Year | Cabell County | West Virginia |
|---|---|---|
| 2014 | 2,034,497,268 | 28,839,679,821 |
| 2013 | 1,981,489,896 | 28,288,565,253 |
| 2012 | 1,986,116,573 | 28,231,076,644 |
| 2011 | 1,939,248,088 | 27,437,330,374 |
| 2010 | 1,880,273,847 | 26,100,976,332 |

**Proposed Form of Legal Opinion**

October 6, 2015

$29,120,000
The Board of Education of the County of Cabell (West Virginia)
Public School Refunding Bonds, Series 2015

The Board of Education of the
County of Cabell
Huntington, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $29,120,000 Public School Refunding Bonds, Series 2015 (the "Bonds"), of Cabell County School District, by and through The Board of Education of the County of Cabell, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated October 6, 2015, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on June 1 in years and amounts, bear interest payable each June 1 and December 1, commencing May 1, 2016, at the rates set forth in the Official Statement of the Issuer, dated September 17, 2015.

The Bonds are being issued to provide funds, along with other funds from accounts established for the Series 2006 Bonds, as hereinafter defined, to provide for the current refunding of the Issuer's Public School Bonds, Series 2006 issued in the original aggregate principal amount of $60,455,000 ("Series 2006 Bonds") of which $29,260,000 is outstanding. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on January 28, 2006, the issuance of bonds in an amount of up to $60,455,000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of paying the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. The Series 2006 Bonds were issued pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Bond Act") and the proceeds of such bonds were used to pay the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. Proceeds of the Series 2006 Bonds were also used to pay legal, consulting and other professional fees, printing and other issuance costs.

The Bonds are being issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, as amended (the "Refunding Act" and collectively with the Bond Act, the "Act") and a resolution and order of the Issuer adopted on May 5, 2015 (the "Resolution").

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Issuer contained in the Resolution and the certified proceedings and

other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

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

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

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

**APPENDIX D**

## Book-Entry Only System

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

## Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (this "Agreement") dated as of September _, 2015, is by and between the Board of Education of the County of Cabell (the "Board") and United Bank, Inc., Charleston, West Virginia, as Disclosure Agent (the "Disclosure Agent"), in connection with the issuance of the $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 (the "Series 2015 Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above, in Section 2 hereof or in the Resolution adopted by the Board on May 5, 2015, authorizing issuance of the Series 2015 Bonds (the "Resolution"). The Board agrees as follows:

**SECTION 1**. Purpose of Agreement. This Agreement is being executed and delivered by the Board and the Disclosure Agent for the benefit of the holders and beneficial owners of the Series 2015 Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2015 Bonds in Appendix A entitled "Audit Report of Cabell County Board of Education for Fiscal Year Ended June 30, 2015," which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Board's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated September 17, 2015, entered into between Piper Jaffray & Co. (the "Underwriter"), and the Board, by which the Underwriter agreed to purchase the Series 2015 Bonds from the Board upon the terms set forth therein.

"Disclosure Agent" shall initially mean United Bank, Inc., Charleston, West Virginia, and any later appointed Disclosure Agent or any successor Disclosure Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Disclosure Representative" shall mean the Treasurer of the Board.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2015 Bonds who are required to comply with the Rule in connection with offering of the Series 2015 Bonds.

"Repository" shall mean each National Repository.

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

"Series 2015 Bonds" shall mean the $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015.

**SECTION 3.** Provision of Annual Reports.

(a) The Board shall, or shall cause the Disclosure Agent to, not later than one year after the end of the Board's fiscal years (presently June 30), commencing with the reports for the Fiscal Years ending June 30, 2015 (FY 2015), provide to each Repository: Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Board shall provide the Disclosure Agent with a copy of each report filed under this Agreement. If the Board's fiscal years change, the Board shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Board shall provide the Annual Financial Information and Audited Financial Statements to the Disclosure Agent. If the Board is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Board shall, or shall cause the Disclosure Agent to, send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Disclosure Agent shall file a report with the Board certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic format and shall be accompanied by identifying in formation as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

**SECTION 4.** Content of Annual Financial Information and Audited Financial Statements. Within one year of the Board's fiscal year ends, the Board or Disclosure Agent on its behalf shall submit to EMMA information and data of the Board for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

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

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2015 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other events affecting the tax status of the Series 2015 Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Series 2015 Bond, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Board[3];

13. the consummation of a merger, consolidation or acquisition involving the Board, or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

[3] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

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

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (12), (13) or (14), because of a notice from the Disclosure Agent pursuant to subsection (b) or otherwise, the Board shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Disclosure Agent within two (2) business days.

(d) If the Board determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Board received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Board shall promptly file with the Disclosure Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Board determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Board shall so notify the Disclosure Agent in writing and instruct the Disclosure Agent not to report the occurrence pursuant to subsection (f).

(f) If the Disclosure Agent has been instructed by the Board to report the occurrence of a Listed Event, the Disclosure Agent shall file a notice of such occurrence with EMMA with a copy to the Board. The Disclosure Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

**SECTION 6.** Termination of Reporting Obligation. The Board's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2015 Bonds. If such termination occurs prior to the final maturity of the Series 2015 Bonds, the Board shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

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

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board with respect to the Series 2015 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2015 Bonds in the same manner as provided in the Resolution for amendments to the Resolution, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2015 Bonds.

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

**SECTION 9.** Additional Information. Nothing in this Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Board chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

**SECTION 10.** Default. In the event of a failure of the Board to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Series 2015 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**SECTION 11.** Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

| | |
|---|---|
| To the Board: | The Board of Education of the County of Cabell<br>2850 5th Ave.<br>Huntington, WV 25702 |
| To the Disclosure Agent: | United Bank, Inc., Charleston, West Virginia<br>Trust Department<br>500 Virginia Street<br>Charleston, WV 25301 |

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 12.** Beneficiaries. This Agreement shall inure solely to the benefit of the Board, the Disclosure Agent, the Underwriter and holders and beneficial owners from time to time of the Series 2015 Bonds, and shall create no rights in any other person or entity.

**SECTION 13.** Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 14.** Fees. The Board agrees to pay all fees and expenses of the Disclosure Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Disclosure Agent's duties.

**SECTION 15.** Right to Resign. The Disclosure Agent may resign at any time by providing thirty (30) days' written notice to the Board.

**SECTION 16.** Right to Counsel. The Disclosure Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

**SECTION 17.** Duties of Disclosure Agent. The Disclosure Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Disclosure Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Disclosure Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Disclosure Agent in its individual capacity may be sold or otherwise transferred, shall be the Disclosure Agent under this Agreement without further act. Anything in this Agreement to the contrary notwithstanding, in no event shall the Disclosure Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Disclosure Agent has been advised of such loss or damage and regardless of the form of action. The Board will, for the benefit of the Disclosure Agent and Disclosure Agent's employees, directors, agents, subsidiaries, affiliates, successors and assigns, assume all liability and/or be responsible to pay for any and all claims, demands, causes of action, losses, damages, liabilities, penalties, costs and expenses (including reasonable attorney's fees) relating to this Agreement, to the extent assessed by a court of competent jurisdiction.

**IN WITNESS WHEREOF**, the Board and the Disclosure Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL

By: _____

UNITED BANK, INC., Charleston, West Virginia, as Disclosure Agent

By: _____

Its: _____

Date: _____, 2015

**EXHIBIT A**

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | The Board of Education of the County of Cabell |
| Name of Bond Issue: | $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015 |
| Date of Bond Issue: | October 6, 2015 |

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Series 2015 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of October 6, 2015, to be provided. The Board anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

United Bank, Inc., Charleston, West Virginia, as Disclosure Agent
on behalf of the Board

cc: Board

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# RatingsDirect®

Summary:

# Cabell County Board of Education, West Virginia; School State Program

**Primary Credit Analyst:**
Timothy W Little, New York (212) 438-7999; timothy.little@standardandpoors.com

**Secondary Contact:**
Lauren Freire, New York (1) 212-438-7854; lauren.freire@standardandpoors.com

## Table Of Contents

Rationale

Outlook

Related Criteria And Research

## Summary:

# Cabell County Board of Education, West Virginia; School State Program

| Credit Profile | | |
|---|---|---|
| US$27.915 mil pub sch rfdg bnds ser 2015 | | |
| *Long Term Rating* | AA/Stable | New |
| **Cabell Cnty Brd of Ed sch prog** | | |
| *Unenhanced Rating* | AA(SPUR)/Stable | Affirmed |

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' rating to Cabell County Board of Education, W.V.'s refunding general obligation (GO) bonds, reflecting the school district's eligibility and participation in West Virginia's Municipal Bond Program. The outlook is stable.

The rating also reflects the state's strong debt service oversight and the legislature's replenishment provision for the bond commission's sinking fund. Under the program, the state annually appropriates sufficient funds to meet any shortfall in an issuer's debt service payment to bondholders.

### Standing appropriation programs

Standard & Poor's rates four different types of state programs, in more than 20 states, that provide enhancement for school bond issues. These program types include state guarantee, permanent fund, standing or annual appropriation, and state intercept or withholding programs. Each state program is analyzed according to the program type and the rating is based on the characteristics of the particular program and funding mechanisms. West Virginia is one of five states with Standard & Poor's-rated standing appropriation programs, along with California, Minnesota, New Jersey and Texas. Because appropriation programs are dependent on the ability of a state to use its cash reserves to make up any debt service deficiencies, a program's rating is directly linked to the state's own credit quality. Therefore, the program rating will move in tandem with its related state rating, keeping the relative rating differential between the program rating and the state rating constant. The program's rating outlook will always reflect the state's rating outlook.

### West Virginia's Municipal Bond Program

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

In addition to this statutory provision, the commission's administrative guidelines include notifying the local government unit 35 days before a debt service payment, if available funds are insufficient for debt service. If sufficient

funds are not on hand 15 days before the debt service payment, the entity is contacted again. Whenever the amount deposited for any issuer is not sufficient to meet the interest or principal due, it shall be the duty of the school district's treasurer, upon being notified of that fact by the commission, to immediately remit all funds in his possession that have been earmarked by the issuer for the purpose of amortizing bonded indebtedness plus such additional funds as are necessary to meet the interest or principal due. Since 1921, the state legislature has made an annual blanket appropriation in the budget authorizing the governor to meet any deficiency in the state sinking fund because of a school district or governmental unit's failure to meet its debt service obligations.

### Cabell County Board of Education

The school district is coterminous with Cabell County, in the southwestern part of the state. It includes Marshall University. Estimated population served by the district was 97,109 and enrollment in its 27 school buildings was 13,204 in 2015.

Bond proceeds will be used to refund the district's existing 2006 series bonds.

## Outlook

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

## Related Criteria And Research

### Related Criteria

- USPF Criteria: State Credit Enhancement Programs, Nov. 13, 2008
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

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

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# The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

## BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA)
[Name of Issuer]

April 20, 2006
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
**The Depository Trust Company**
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

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

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

*The Depository Trust & Clearing Corporation*

Very truly yours,

THE BOARD OF EDUCATION OF
THE COUNTY OF CABELL (WEST VIRGINIA)
(Issuer)

By: Ted T Barr
(Authorized Officer's Signature)

Ted T. Barr, President
(Print Name)

2850 Fifth Avenue
(Street Address)

Huntington, WV 25702 USA
(City) (State) (Country) (Zip Code)

(304) 528-5000
(Phone Number)

(E-mail Address)

[2/02]

(To Blanket Issuer Letter of Representations)

## SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

**(Prepared by DTC—bracketed material may be applicable only to certain issues)**

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

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

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

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

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Writer's Contact Information

October 6, 2015

**$29,120,000**
**The Board of Education of the County of Cabell (West Virginia)**
**Public School Refunding Bonds, Series 2015**

The Board of Education of the
County of Cabell
Huntington, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relative to the issuance and sale of $29,120,000 Public School Refunding Bonds, Series 2015 (the "Bonds"), of Cabell County School District, by and through The Board of Education of the County of Cabell, West Virginia (the "Issuer"). The Bonds are issued in fully registered form, are dated October 6, 2015, upon original issuance, are numbered in order of maturity from R-1 consecutively upward, are of the denominations of $5,000 or integral multiples thereof, mature on May 1 in years and amounts, bear interest payable each May 1 and November 1, commencing May 1, 2016, at the rates set forth in the Official Statement of the Issuer, dated October 6, 2015.

The Bonds are being issued to provide funds, along with other funds from accounts established for the Series 2006 Bonds, as hereinafter defined, to provide for the current refunding of the Issuer's Public School Bonds, Series 2006 issued in the original aggregate principal amount of $60,455,000 ("Series 2006 Bonds") of which $29,260,000 is outstanding. Proceeds of the Bonds will also be used to pay legal, consulting and other professional fees, printing and other issuance costs.

At a special election held on January 28, 2006, the issuance of bonds in an amount of up to $60,455,000 and the levy sufficient to pay principal of and interest on such bonds were authorized and approved for the purpose of paying the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. The Series 2006 Bonds were issued pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the "Bond Act") and the proceeds of such bonds were used to pay the cost of certain new school buildings and modifications, improvements, renovations and equipping of various existing schools and other buildings in the School District. Proceeds of the Series 2006 Bonds were also used to pay legal, consulting and other professional fees, printing and other issuance costs.

The Bonds are being issued pursuant to Article 2 of Chapter 13 of the Code of West Virginia, as amended (the "Refunding Act" and collectively with the Bond Act, the "Act") and a resolution and order of the Issuer adopted on May 5, 2015 (the "Resolution").

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

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

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

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

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

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

Please be advised that the enforcement of remedies with respect to the Bonds is subject to any applicable bankruptcy, reorganization, insolvency, moratorium or

other laws affecting the enforcement of creditors' rights heretofore or hereafter enacted, and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

Very truly yours,

Fred Williamson

STEPTOE & JOHNSON PLLC

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Writer's Contact Information

October 6, 2015

Cabell County Board of Education
2850 5th Avenue
Huntington, WV 25702

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale of the above-referenced bonds (the "Bonds") by The Board of Education of the County of Cabell, West Virginia (the "Issuer"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality and tax-exempt status of the Bonds (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement, the Escrow Agreement 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 September 17, 2015, between the Issuer and Piper Jaffray & Co. (the "Underwriter"). This opinion is being delivered pursuant to Section 14(c)(i) of the Purchase Agreement.

In our examination, we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof.

We are members of the West Virginia State Bar and do not hereby express any opinion as to matters governed by the laws of any jurisdiction other than the laws of the State of West Virginia and the federal laws of the United States of America.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid, binding and enforceable obligation of the Issuer (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 Issuer, 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 Issuer has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, executed and delivered by the Issuer, and the Issuer has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the sale of the Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "The Bonds," "Tax Matters," "Legal Matters," "Ratings," and "Appendix C" present fair and accurate summary descriptions of the matters described under such captions. We are not passing upon and do not assume any responsibility for the accuracy (except for the aforesaid summary descriptions), completeness or (except for the aforesaid summary descriptions) fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements, and no inquiry was made of other attorneys in our firm not working directly on the issuance of the Bonds who may have information material to the issue. However, we can and do advise you that, during the course of serving as Bond Counsel in connection with the issuance of the Bonds, no information came to the attention of the attorneys in our firm rendering legal services in connection with such issuance that caused us to believe that (i) the Official Statement as of its date (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to DTC, book entry securities and Appendices A, B and D included therein, as to which no view is expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) the Official Statement as of the date of the Closing (except as aforesaid) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

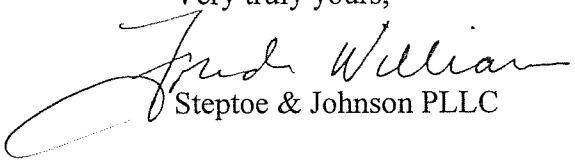
(5) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(6) Based on the foregoing, we are of the opinion that the Prior Bonds have been legally defeased and the covenants, agreements and other obligations of the Issuer to the holders of the Prior Bonds have been discharged and satisfied, and that such refunding will not

adversely affect the excludability of the interest on the Prior Bonds or the Bonds from gross income for federal income taxation.

This opinion is furnished to you solely for the purposes stated herein and may not be used, quoted, or relied upon by any other person or entity or for any other purpose without our prior written consent. This opinion is limited to the matters set forth herein and the law in effect as of the date hereof. We assume no obligation to supplement our opinion with regard to subsequent changes in law, facts or knowledge.

Very truly yours,



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Writer's Contact Information

October 6, 2015

Cabell County Board of Education
2850 5th Avenue
Huntington, WV 25702

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have served as counsel to The Board of Education of the County of Cabell, West Virginia (the "Issuer") in connection with the sale of the above-referenced bonds (the "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 17, 2015 (the "Purchase Agreement"), between Piper Jaffray & Co. (the "Underwriter") and the Issuer. Any capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including Chapter 13, Article 2 of the Code of West Virginia, 1931, as amended (the "Refunding Act"), the Resolution and Order adopted by the Issuer, dated May 5, 2015 (the "Resolution"), the Escrow Agreement, dated October 6, 2015 (the "Escrow Agreement"), by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), the Continuing Disclosure Agreement, dated October 6, 2015 (the "Continuing Disclosure Agreement"), by and between the Issuer and United Bank, Inc., as disclosure agent, the Purchase Agreement, the Preliminary Official Statement dated September 9, 2015 and the Final Official Statement dated September 17, 2015, with respect to the issuance and offering of the Bonds (together, the "Official Statement") and a closing certificate of the Issuer (collectively, the "Issuer Documents").

In our examination, we have assumed: (i) the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies; (ii) each document submitted to us by an governmental official or agency is accurate, complete and

authentic, and all official public records (including the proper indexing and filing) are accurate and complete; (iii) all relevant records of the Issuer, as well as all copies of correspondence, certificates and financial, business and other documents presented to us for examination, are authentic, accurate and complete; (iv) the conduct of the parties to this transaction has complied with any and all requirements of good faith, fair dealing and conscionability, and the parties to the Issuer Documents have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred or created as a part of the transaction; and (v) no agreements or understandings exist among the parties, written or oral, that would amend, supplement, or qualify the terms of the Issuer Documents. All assumptions made by us in our opinion have been made with your permission and without any independent investigations to determine the existence or absence of facts, and this opinion is based upon these assumptions.

The opinions expressed herein are subject to the qualifications that enforceability may be subject to the effect of (1) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting creditors' rights, (2) the application of equitable principles, and the exercise of judicial discretion and to public policy if remedies in equity are sought, and (3) limitations on legal remedies against public agencies in the State of West Virginia.

We are members of the West Virginia State Bar and do not hereby express any opinion as to matters governed by the laws of any jurisdiction other than the laws of the State of West Virginia and the federal laws of the United States of America. We do not herein express any opinion on any federal and/or state antitrust or securities laws.

Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Issuer is a validly existing statutory corporation charged with the supervision and control of the Cabell 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 Issuer Documents.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds and the Issuer 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 Issuer Documents; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Issuer 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 meetings of the Issuer which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of such adoption.

6. The execution and delivery of the Issuer Documents by the Issuer 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 our knowledge based solely upon representations of the Issuer, 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 Issuer Documents or as described in the Official Statement.

8. To the best of our knowledge there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Issuer is a party or of which any property of the Issuer is subject, except as described in the Official Statement, which, if determined adversely to the Issuer, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Bonds, the Escrow Agreement or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Issuer to comply with its obligations under the Issuer Documents or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Issuer.

9. Based upon our experience as counsel to the Issuer and on our review of the Official Statement, and after inquiry and discussions with representatives of the Issuer, but without having undertaken to verify the same through independent investigation, nothing has come to our attention which would lead us to believe that the statements and information contained in the Official Statement under the captions or subcaptions "Cabell County School District," "Litigation in the State Concerning the School Financing System," "Litigation," "Legal Matters," "Appendix B" and "Appendix E" contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, it being understood, that in rendering such opinion we express no opinion regarding financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this paragraph.

As to questions of fact material to the opinions that we have expressed herein, we have relied upon the representations contained in or made pursuant to the Issuer Documents upon the certificates of officers of the Issuer and appropriate public officials, and no information has come to our attention which is inconsistent with such certificates. Except to the extent expressly and specifically set forth herein, we have not undertaken to verify the same by independent investigation to determine the existence or absence of such facts, and no inferences as to our knowledge of the existence or absence of such facts shall be drawn from our representation of the Issuer.

The foregoing is subject, in all respects, to the following qualifications and exceptions:

1. The enforceability of the obligations of the parties under the Issuer Documents described above is subject to and may be limited by applicable bankruptcy, fraudulent transfer, insolvency, rehabilitation, reorganization, dissolution, moratorium and similar laws of general application relating to or affecting the rights of creditors.

2. The enforceability of the obligations of the parties under the Issuer Documents described above is subject to and may be limited by general equitable principles, including, but not limited to, equitable principles limiting specific enforcement of certain remedies.

3. With respect to legal conclusions contained herein, and upon which this opinion has been rendered, such legal conclusions are based solely upon the current laws of the State and federal laws, and do not involve the laws of any jurisdiction other than the State or of the United States.

4. We express no opinion as to the compliance of the documents described above with the securities laws of the United States, any state or other jurisdiction.

This opinion is furnished solely for the purposes stated herein. This opinion may not be used, quoted, or relied upon by any other person or entity or for any other purpose without our prior written consent. This opinion is issued as of the date hereof and we assume no obligation to supplement our opinion with regard to subsequent changes in law, fact or knowledge. This opinion may be relied upon by all counsel to this transaction as if specifically addressed to them.

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

Very truly yours,

Steptoe & Johnson PLLC

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Writer's Contact Information

October 6, 2015

Piper Jaffray & Co.
Charleston, West Virginia

Ladies and Gentlemen:

We have on this date rendered the attached approving opinion as bond counsel regarding the $29,120,000 in aggregate principal amount of The Board of Education of Cabell County (West Virginia) Public School Refunding Bonds dated October 6, 2015.

Please consider this letter as our advice to you that you are entitled to rely upon the attached opinion to the same extent as if the same were addressed to you.

Respectfully submitted,

Fred Williamson

Steptoe & Johnson PLLC

7006846.1

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October 6, 2015

The Board of Education of Cabell County (West Virginia)
Huntington, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Re: Defeasance of The Board of Education of Cabell County (West Virginia)
Public School Bonds, Series 2006

Ladies and Gentlemen:

This opinion is being delivered to you in connection with the defeasance of The Board of Education of Cabell County (West Virginia) Public School Bonds, Series 2006 (the "Series 2006 Bonds"). As of this date, there were deposited in an escrow agreement with the West Virginia Municipal Bond Commission, as paying agent, cash and non-callable direct obligations of the United States of America in amounts as will be sufficient, taking into consideration the interest earned on such obligations, to pay the debt service charges on the Series 2006 Bonds on the scheduled payment dates through and including May 1, 2016 (the date of redemption of all of the outstanding Series 2006 Bonds), the sufficiency of which cash and obligations, and the earnings thereon, to make such payments has been verified by Causey Demgen & Moore P.C, independent Certified Public Accountants.

Based upon the foregoing, we are of the opinion that under the law existing on the date of this opinion that all conditions required by law for the defeasance of the Series 2006 Bonds have been satisfied and the Series 2006 Bonds are defeased and such defeasance of the Series 2006 Bonds will not cause the interest on the Series 2006 Bonds to be includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Steptoe & Johnson PLLC
Bond Counsel

Fred Williamson

7006821.1

October 6, 2015

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

Re: $29,120,000 The Board of Education of the County of Cabell (West Virginia) Public School Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel to you, Piper Jaffray & Co. (the "Underwriter"), in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated September 17, 2015 (the "Purchase Agreement") between The Board of Education of the County of Cabell, West Virginia (the "Issuer") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

In connection with rendering this opinion, we have examined the Official Statement dated September 17, 2015, the Purchase Agreement and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and presently in effect (the "Rule").

Based upon the foregoing review, we are of the opinion that the Purchase Agreement has been validly authorized, executed and delivered by the Underwriter and, assuming due authorization, execution and delivery by the Issuer, constitutes a valid and binding agreement, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

It is also our opinion that the Continuing Disclosure Agreement, which provides for an undertaking for the benefit of the holders, including beneficial holders, of the Bonds to provide certain annual financial information and event notices to repositories at the times and in the manner required by the Rule, satisfies as to form in all material respects the requirements of subparagraph (b)(5) of the Rule in effect as of the date hereof and applicable to Continuing Disclosure Agreements.

In addition, we are of the opinion under existing law that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and that the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any

such statements. However, to assist you in your investigation concerning the Official Statement, we have reviewed certain documents and have participated in conferences in which the contents of the Official Statement and related matters were discussed. During the course of our work on this matter, no facts have come to the attention of attorneys in our firm rendering legal services in connection with such issuance that cause us to believe that the Official Statement (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this sentence) contains as of the date hereof any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the 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 Bonds.

Very truly yours,

White Law Offices, PLLC

**WV MUNICIPAL BOND COMMISSION**
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: October 6, 2015

ISSUE: The Board of Education of the County of Cabell (West Virginia)

ADDRESS: 2850 Fifth Avenue
Huntington, WV 25702

COUNTY: Cabell

PURPOSE OF ISSUE: New Money:
Refunding: X

REFUNDS ISSUE(S) DATED: June 6, 2006

ISSUE DATE: October 6, 2015

CLOSING DATE: October 6, 2015

ISSUE AMOUNT: $29,120,000

RATE:

1ST DEBT SERVICE DUE: May 1, 2016

1ST PRINCIPAL DUE: May 1, 2016

1ST DEBT SERVICE AMOUNT: $5,497,469.44

PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Fred Williams
Phone: 304-353-8178

UNDERWRITER'S COUNSEL: White Law Offices
Contact Person: Ryan White, Esquire
Phone: 304-340-3826

CLOSING BANK: United Bank, Inc.
Contact Person: Kathy Smith, Vice Pres.
Phone: 304-348-8427

ESCROW TRUSTEE: WV Municipal Bond Commission
Contact Person: Sara Rogers, Executive Director
Phone: 304-558-3971

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Conrad Lucas
Position: Treasurer
Phone: 304-528-5000

OTHER: Piper Jaffray & Co.
Contact Person: Marie Prezioso, Sr. Vice President
Function: Underwriter
Phone: 304-343-7102

DEPOSITS TO MBC AT CLOSE:
By: X Wire $30,414,642.11
__ Check
__ In-House Transfer
__ Other

__ Accrued Interest: $
__ Capitalized Interest: $
__ Reserve Account: $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
___X__ Check
_____ IGT
_____ To Other:

____ To Escrow Trustee: $
X__ To Issuer $3,865,674.00 (Release of Surplus Funds)
____ To Cons. Invest. Fund $

NOTES: Beginning August 1, 2015, all tax collections received by the Bond Commission should be transferred to the Debt Service Account for the Series 2015 Bonds.

See attached letter of instructions for the Series 2015 Bonds.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specificed by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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October 6, 2015

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201

Ladies and Gentlemen:

Re: The Board of Education of the County of Cabell (West Virginia)
$29,120,000 Public School Refunding Bonds, Series 2015

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G for the above mentioned Issuer. Please file the original form in the appropriate Internal Revenue Service records.

Thank you for your attention to this matter.

Very truly yours,

Fred Williams

Fred Williams

LFW/mgb
Enclosures

7007984

# WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

The Board of Education of the County of Cabell, West Virginia (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of May 5, 2015, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

## A. GENERAL MATTERS.

1. Responsible Officer. The Treasurer of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.

3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

    a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

    b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged obligations that must be monitored, identification of all facilities (or portions

thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

**B. IRS INFORMATION RETURN FILING.** The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS From 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section F.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

**C. USE OF PROCEEDS.** The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.

3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.

4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.

6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

**D. MONITORING PRIVATE BUSINESS USE.** The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

   d. Research contracts under which a private person sponsors research in financed facilities; and

   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond

counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.

5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.

6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

**E. LOAN OF BOND PROCEEDS.** Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

**F. ARBITRAGE AND REBATE COMPLIANCE.** The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.

4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that 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 of the debt service on the issue for the immediately preceding bond year. To the extent that a

debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

    d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

    e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any

other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

**G. RECORD RETENTION.** The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

# Fred.Williams

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# NOTICE OF DEFEASANCE

**$60,455,000**
**The Board of Education**
**of the**
**County of Cabell (West Virginia)**
**Public School Bonds, Series 2006**
**Dated: June 6, 2006**

TO ALL REGISTERED OWNERS OF THE ABOVE CAPTIONED BONDS

NOTICE IS HEREBY GIVEN that all Public School Bonds, Series 2006, issued by The Board of Education of the County of Cabell, West Virginia, on behalf of the Cabell County School District, originally issued in the aggregate principal amount of $60,455,000 and outstanding on the date hereof in the aggregate principal amount of $29,260,000, have been refunded to their next redemption date, being May 1, 2016, and are deemed to have been paid in accordance with the provisions of Chapter 13, Article 2 of the West Virginia Code of 1931, as amended, and the lien on the ad valorem property taxes in said School District on behalf of such bonds has been defeased. Sufficient cash amounts have been deposited and are irrevocably credited to the West Virginia Municipal Bond Commission, as escrow agent, to pay the principal of and interest on such Bonds to and including May 1, 2016, 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 CABELL

By: UNITED BANK, INC.

Dated: October 6, 2015

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THE BOARD OF EDUCATION OF THE
COUNTY OF CABELL

By: UNITED BANK, INC.

Dated: October 6, 2015

# PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS UNDER CONTINUING DISCLOSURE UNDERTAKINGS

These Procedures for Compliance with Obligations under Continuing Disclosure Undertakings (these "Procedures") are established as of May 5, 2015, and set forth specific procedures of the Board of Education of the County of Cabell, West Virginia (the "Issuer"), designed to assist in compliance with applicable requirements set forth in undertakings ("Continuing Disclosure Undertakings") providing for ongoing disclosure in connection with the offering of obligations to investors for obligations (whether or not tax-exempt/tax-advantaged) subject to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating related reports and information and reporting "listed events" for the benefit of the holders of the Issuer's obligations and to assist the Participating Underwriters (within the meaning of the Rule) in complying with the Rule and the Continuing Disclosure Undertaking.

The Issuer recognizes that compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer's debt management. Accordingly, implementation of these Procedures will require ongoing monitoring and consultation with bond counsel and the Issuer's accountants and advisors.

## General Policies and Procedures

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

1. The Treasurer (the "Compliance Officer") shall be responsible for monitoring post-issuance compliance issues.

2. The Compliance Officer will coordinate procedures for record retention and review of such records.

3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.

4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.

**Continuing Disclosure**

Under the provisions of the Rule, Participating Underwriters are required to reasonably determine that issuers (such as the Issuer) have entered into written Continuing Disclosure Undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule. Unless the Issuer is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exemptions, a Continuing Disclosure Undertaking executed by the Issuer will be required.

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

**A. Compilation of Currently Effective Continuing Disclosure Undertakings**

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

**B. Annual Review and Annual Reporting Requirements**

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and

- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

### C. Calendar; EMMA Notification System

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

### D. Annual Review of Prior Filings

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

### E. Monitoring of Listed events

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
- Modification to rights of holders of the Issuer's obligations, if material;
- Calls of the Issuer's obligations, if material, and tender offers;
- Defeasances of the Issuer's obligations;
- Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
- Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the Issuer;
- The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

### F. Review of Official Statements

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer's continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer's other reviews of or diligence procedures relating to its offering documents.

### G. Record Retention

The Compliance Officer shall retain documentation evidencing the Issuer's annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

### H. Annual Review Checklist

The Compliance Officer may (or may not) choose to use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

## CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST

1. **Fiscal Year Ending:** _____
2. **Compliance Officer:** _____
3. **Checklist Completion Date:** _____

4. **Obligations for which there are Currently Effective Continuing Disclosure Undertakings - <u>Attach Agreements</u>:**

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

$_____, _____, dated _____, 20___

5. **Have any new Obligations subject to Continuing Disclosure Been Issued this Year?**

_____ No

_____ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings) If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?
**Circle: Y/ N** (If N, review and discuss any issues with counsel.)

6. **Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?**

_____ No

_____ Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

7. **(a) Has the Compliance Officer Reviewed the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?**

_____ Yes

_____ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

**(b) For purposes of this review, please keep in mind:**

| | Checked? |
|---|---|
| Different Continuing Disclosure Undertakings may require different information to be file (so check each one) | Y / N |
| Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one). | Y / N |

**Have any of the Following Events Occurred this Year?**

| | **Event** | **Circle** |
|---|---|---|
| 1. | Principal and interest payment delinquencies | Y / N |
| 2. | Non-payment related defaults, if material | Y / N |
| 3. | Unscheduled draws on debt service reserves reflecting financial difficulties | Y / N |
| 4. | Unscheduled draws on credit enhancements reflecting financial difficulties | Y / N |
| 5. | Substitution of credit or liquidity providers, or their failure to perform | Y / N |
| 6. | Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations | Y / N |
| 7. | Modification to rights of holders of the Issuer's obligations, if material | Y / N |
| 8. | Calls of the Issuer's obligations, if material, and tender offers | Y / N |
| 9. | Defeasances of the Issuer's obligations | Y / N |
| 10. | Release, substitution or sale of property securing repayment of the Issuer's obligations, if material | Y / N |
| 11. | Rating changes | Y / N |
| 12. | Bankruptcy, insolvency, receivership or similar event of the Issuer | Y / N |
| 13. | The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material | Y / N |
| 14. | Appointment of a successor or additional trustee or the change of name of a trustee, if material | Y / N |

**If any such Event Occurred, was Proper Notice Provided?**

_____ Yes

_____ No (Call your dissemination agent or counsel immediately to discuss)

_____ N/A

**Has the Issuer Retained a Dissemination Agent? (i.e., a Paid Third Party that Assists with Filings)**

_____ Yes: Name/Contact: _____

_____ No

# Fred.Williams

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# WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

The Board of Education of the County of Cabell, West Virginia (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of May 5, 2015, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

## A. GENERAL MATTERS.

1. Responsible Officer. The Treasurer of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.

3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

    a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

    b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged obligations that must be monitored, identification of all facilities (or portions

thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

**B. IRS INFORMATION RETURN FILING.** The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS From 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section F.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

**C. USE OF PROCEEDS.** The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.

3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.

4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.

6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

**D. MONITORING PRIVATE BUSINESS USE.** The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

   d. Research contracts under which a private person sponsors research in financed facilities; and

   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond

counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.

5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.

6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

E. **LOAN OF BOND PROCEEDS.** Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

F. **ARBITRAGE AND REBATE COMPLIANCE.** The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.

4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that 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 of the debt service on the issue for the immediately preceding bond year. To the extent that a

debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

    d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

    e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any

other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

**G. RECORD RETENTION.** The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

**CERTIFICATE OF BROKER**
**IN CONNECTION WITH THE PURCHASE OF**
**AN OPEN-MARKET YIELD-RESTRICTED DEFEASANCE ESCROW FOR**

**THE BOARD OF EDUCATION OF THE COUNTY OF CABELL (WEST VIRGINIA)**
**Public School Refunding Bonds, Series 2015**
**(the "Bonds")**

Piper Jaffray & Co. (the "Broker") certifies as follows in connection with the purchase by The Board of Education of the County of Cabell (West Virginia) (the "Client") of a portfolio of investments for a yield-restricted defeasance escrow (the "Investments") from Wells Fargo Securities, LLC (the "Provider") relating to the above captioned bonds (the "Bonds"):

A **Bona Fide Solicitation for Bids.** The Broker made a bona fide solicitation for the Investments, using the following procedures:

(1) The bid specifications were in writing and were timely forwarded to potential providers, or were made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy. A copy of the bid specifications is attached to this Certificate as ***Schedule 1***.

(2) The bid specifications include all "material" terms of the bid. The Broker understands that a term is material if it may directly or indirectly affect the yield or the cost of the Investments.

(3) The bid specifications include a statement notifying potential providers (a) that submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the bidder has with the Client or any other person (whether or not in connection with the bond issue), and (c) that the bid is not being submitted solely as a courtesy to the Client or any other person for purposes of satisfying the requirements of the U.S. Treasury regulations governing the fair-market-value of investments purchased with tax-exempt bond proceeds.

(4) The terms of the bid specifications are "commercially reasonable." The Broker understands a term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment.

(5) All potential providers had an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive "last look").

(6) At least 3 "reasonably competitive providers" were solicited for bids. The Broker understands that a reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

**B. Bids Received.**

(1) The Broker received at least 3 bids from providers that were solicited under the bid specifications and that do not have a material financial interest in the issue. The Broker understands that (a) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue; (b) any entity acting as a financial advisor with respect to the purchase of the Investments at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue; and (c) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue. Attached to this Certificate as ***Schedule 2*** is a list of all of the solicited bidders and a copy of each of the bids actually received along with the date and time of day the bids were received.

(2) At least one of the 3 bids is from a reasonably competitive provider, as described above.

(3) The Broker did not bid to provide the Investments.

**C. Winning Bid.**

(1) The winning bid is the lowest cost bona fide bid (including any broker's fees) for the Investments. State and Local Government Securities ("SLGS") were not available for purchase from the U.S. Treasury on the day of the bid.

**D. Broker Commission.** The Provider is paying the Broker a commission of $7,500.00. This amount does not exceed the lesser of (a) $39,000, or (b) an amount equal to 0.20% of the amount of gross proceeds initially invested in the Investments or, if more, $4,000.

**Dated**: October 6, 2015

**PIPER JAFFRAY & CO.**

By: Thomas M. Jatlan
Title: Managing Director

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**IN CONNECTION WITH THE PURCHASE OF**
**AN OPEN-MARKET YIELD-RESTRICTED DEFEASANCE ESCROW FOR**

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**Dated**: October 6, 2015

**PIPER JAFFRAY & CO.**

By: _____
Title: Managing Director

WELLS FARGO SECURITIES
Wells Fargo Securities, LLC
608 Second Avenue South
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1-800-645-3751

**ACCOUNT NUMBER**
1BA81175

**YOUR REPRESENTATIVE**
SCOTT DORSEY

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CABELL COUNTY WEST VIRGINIA
CABELL COUNTY BOARD OF EDUCATION
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**DUPLICATE CABELL COUNTY WEST VIRGINIA**

**Solicited Trade**

# TRADE CONFIRMATION

| Activity | Quantity | Security ID | ISIN | Market* | Account* Type | Transaction Number | Trade Date | Settlement Date |
|---|---|---|---|---|---|---|---|---|
| Buy | 29,810,000 | 912828C81 | US912828C814 | O | 9 | X2725 | 09/17/2015 | 10/06/2015 |

| Price | Principal | Interest | Commission | Transaction Fees | Transaction Fee Codes* | Net Amount |
|---|---|---|---|---|---|---|
| 100.0195995 | 29,815,842.62 | 48,299.49 | 0.00 | | | $29,864,142.11 |

| Security Description | Symbol | Day Count | Coupon Rate | Maturity Date | Issue Date |
|---|---|---|---|---|---|
| UNITED STATES TREASURY NOTE | | ACT/ACT | 0.375 | 04/30/2016 | 04/30/2014 |

**OTHER INFORMATION**

UNITED STATES TREASURY NOTE
DUE 04/30/2016 00.375%
INTEREST DATES APR, OCT 30
SOLICITED
AS OF 09/17/15
YIELD TO MATURITY 0.34
ORIGINAL ISSUE DISCOUNT
FEDERALLY TAXABLE
TRADE CURRENCY USD
SETTLE CURRENCY USD

Interest Payment Frequency Semi-Annually
As Principal

***See Legend on Reverse Side**

**Wells Fargo Securities, LLC - Member FINRA & SIPC**
**INVESTMENTS: NOT FDIC INSURED - NOT BANK GUARANTEED - MAY LOSE VALUE**
*Certificates of Deposit FDIC insured up to $250,000 per institution.*
Transactions subject to the terms and conditions stated herein and on the reverse side hereof. Retain for income tax purposes.

**WFS Terms and Conditions – We, Wells Fargo Securities, LLC ("WFS"), and you the customer hereby agree that:**

This confirmation shall be deemed acknowledged by you to be correct unless written notice of correction is received within 3 days. We reserve the right to correct this confirmation in case of error.

WFS is not a bank and is a separate legal entity from its bank or thrift affiliates. Securities sold, offered or recommended by WFS are not FDIC insured, are not bank deposits or other obligations of, or guaranteed by, Wells Fargo Bank, N.A., or any of their affiliates (unless explicitly stated otherwise). An investment in securities involves investment risks, including the possible loss of the principal amount invested.

This confirmation and all transactions hereunder are subject to: (a) the terms and conditions of any written agreements entered into between you and WFS; (b) the constitution, rules, regulations, customs, requirements, practices and interpretations of the exchange or market, and the clearing house, if any, where executed; and (c) applicable federal and state laws, the rules of any government agency, including the Securities and Exchange Commission ("SEC") and the Financial Services Authority ("FSA"), and of any association or self-regulatory organization having authority with respect thereto. WFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). This confirmation shall be construed in accordance with the laws of the State of North Carolina.

WFS may: (a) advise you as to the desirability of purchasing or selling securities and other property that may be purchased from or sold to an affiliate of WFS acting as principal or through such an affiliate acting as agent; and (b) execute any order to purchase or sell securities or other property from or to an affiliate of WFS acting as principal or through such affiliate acting as agent. In either case, the securities may have been issued by or underwritten by such affiliate and such affiliate may receive and retain its profits on such transactions including, without limitation any commissions, markups, markdowns or other remunerations not in excess of such affiliate's usual and customary charges. WFS' bank and thrift affiliates may be lenders to issuers of securities that WFS underwrites, in which case the proceeds of offerings underwritten by WFS may be used for repayment of such loans. Please refer to the disclosure documents relating to the securities for additional information.

All securities purchased for or sold to you may be hypothecated under circumstances that permit the commingling thereof with other customer securities.

WFS receives fees for directing orders in equity securities to particular brokers or dealers or market centers for execution. Such remuneration is considered compensation to WFS. The source and amount of any compensation received by WFS in connection with your transaction is available upon request.

Transactions executed in non-US markets may have been effected with or through an affiliate of WFS. Such affiliate may have acted as principal or agent and derived compensation therefrom. Additional information is available upon request.

An odd-lot differential may be charged on a transaction involving other than round lots (a round lot is normally 100 shares). The amount of any such differential is available upon request.

On your written request, WFS will furnish (i) the time of the transaction, and (ii) if WFS acted as your agent, the name of the buyer or seller of the security, and the amount, if any, of any remuneration if received other than commission, and (iii) if WFS acted as agent for another party, the source and amount of commissions received.

Call or early redemption features (either in whole or in part) may exist that could affect yield on debt securities. Additional information is available upon request.

Debt securities, including municipal securities, with a zero coupon make no periodic payments. Such securities may be callable at a price below their maturity value without notice by mail to holder unless registered.

If this transaction is a purchase by you and sufficient funds are not already in your account with us, you will make full payment for the securities promptly in accordance with the terms of this transaction (regardless of any right of equity, setoff or counter claim which you may have against us or any of our affiliates). We shall not be deemed to have delivered or to be required to deliver such securities prior to making such payment. If payment for, or delivery of, securities is not received by WFS by the earlier of the settlement date or the time specified by the regulations of the Federal Reserve Board we may cancel, or, in private or public sale, sellout or buy in the securities described on the front hereof, holding you liable for any loss incurred, and we may impose an interest charge from the date payment is due until it is received by WFS. If this transaction is a sale by you, unless you have informed us that this is a short sale and we have agreed to execute such sale, you represent that the securities described on the front hereof are in your account with WFS or you will deposit them promptly with WFS and not later than the settlement date.

The explanation "MISC" represents charges for, among other things, foreign currency conversions, commissions paid other brokers, and tax charges. Additional information is available upon request.

If this transaction is described as "when-issued" or "when-distributed" transaction, the final figure will be forwarded to you when obtainable on issue or delivery, and this transaction shall be subject to the special requirements for such transactions of any exchange on which it was made, or if not made on an exchange, of any association having authority with respect thereto.

If this is a transaction for a single mortgage-backed security pool that is TBA eligible during the applicable distribution period, additional pool information is available by calling Freddie Mac at 1-800-336-3672, option 2, or Fannie Mae at 1-800-237-8627 or by visiting their websites: www.freddiemac.com/mbs and www.fanniemae.com/mbs.

P. Disclosure documents for agency and mortgage-backed agency securities can be found at www.fanniemae.com, www.freddiemac.com, www.fhlb-of.com, www.farmcredit-ffcb.com and www.ginniemae.gov.

Q. If you are a securities custody customer of Wells Fargo Bank, N.A., we will provide instructions on your behalf respecting deliveries to, and from, your custody account, unless you notify us to the contrary.

R. At the time this transaction was executed, or subsequent thereto, we (or others acting for our account) may have effected transactions which stabilize or maintain the market price of the securities described on the front hereof (or other securities of the same issuer), at a level above that which may have prevailed in the open market. Such transactions may have been effected on any of the exchanges where these securities are traded, in the over-the-counter market, or otherwise. We may also engage or have engaged in such stabilization after this transaction was executed. Such stabilization, if commenced, may be or may have been discontinued at any time.

S. We (or others acting for our account) reserve the right to offer for sale and/or to sell from time to time as principal or agent an amount of the securities described on the front hereof in excess of the amount owned by us (or the seller for whom we act as agent) at the time such offers and/or sales are made. Such offers or sales (sometimes known as "short sales" or "overallotments") may or may not be made in conjunction with stabilizing transactions described in the preceding paragraph.

T. You acknowledge that the right of the holder of any tender option bonds to tender such securities is subject to restrictions and is not available in certain circumstances, including, in many instances, a downgrade in the rating of the issuer of the bonds. Additional information is available upon request.

U. Open unfilled orders will be cancelled before the opening of the next business day following the sixtieth day from the date entered. Buy orders, stop orders and sell stop limit orders are reduced in price by the amount of the cash dividend on the day a security sells ex-dividend unless we are specifically instructed otherwise. Sell orders, buy stop orders and buy stop limit orders are not reduced in price when a security sells ex-dividend.

V. Actual yield on collateralized debt, municipal or non-municipal mortgaged-backed securities may fluctuate due to prepayment rates. Additional information concerning the factors that affect yield is available upon written request.

W. For all US Treasury inflation indexed securities, the principal amount of the security is adjusted for inflation. The value of the security is derived by multiplying the par amount by the applicable index ratio. Additional information is available upon written request.

X. If "Below Minimum Denomination" is noted on front of this trade confirmation, the quantity of securities you have purchased is below the minimum denomination for the issue and this may adversely affect the liquidity of the position unless you have other securities from the issue that can be combined to reach the minimum denomination.

Y. If at any time WFS shall have a Forward Exposure to you, WFS may by notice to you require you to transfer to WFS cash in US dollars or securities acceptable to WFS in its sole discretion in an amount or having value sufficient to fully eliminate the Forward Exposure. For purpose of this paragraph, "Forward Exposure" means the amount of loss that would occur upon canceling or terminating this transaction and entering into a replacement transaction determined in accordance with market practice or as otherwise agreed between WFS and you. WFS's right to request collateral will be exercised in its sole discretion. WFS' failure to exercise this right or the manner in which it is exercised, will not operate to change or alter the terms and conditions of this confirmation or limit WFS' right to request or receive margin at a later date.

Z. If at any time this transaction is governed by the terms of a master agreement (including but not limited to ISDA, SIFMA or similar association-approved form master agreements), any terms and provisions contained in such master agreement relating to margin that conflict with the margin requirements set forth in this confirmation shall supercede and replace the margin requirements set forth in this confirmation.

AA. To extent permitted by applicable law, WFS shall have the right to debit your account or any other account of yours held by WFS or its affiliates for any amount payable by you in connection with any and all obligations to WFS regardless of whether they relate to or arise under the agreement under which this confirmation is issued. If you fail to honor any obligation to WFS or any of its affiliates, WFS shall have the right, without notice to you, to retain or set-off any liabilities that WFS may have to you whether matured, un-matured or contingently liable as guarantor.

BB. If this security was sold pursuant to a registration statement or where a prospectus is otherwise required, you may request prospectus delivery by calling 1-800-326-5897.

CC. It is understood that the seller has the right to substitute eligible securities of equal value for the securities sold under repurchase agreements.

DD. All inquiries or complaints regarding your account or the activity therein should be directed to Customer Support, 608 2nd Avenue South, 10th FLR, MAC N9303-102, Minneapolis, MN 55402, 1-800-645-3751, option 5, WFSCustomerService@Wellsfargo.com. International callers should call 1-877-856-8878.

EE. SUBJECT TO U.S. TREASURY OR AGENCY DEBT AND AGENCY MBS FAILS CHARGE TRADING PRACTICE PUBLISHED BY TMPG AND SIFMA AT http://www.sifma.org/Services/Standard-Forms-and-Documentation/Securitized-Products/Securitized-Products-Fails-Charge-Trading-Practice/

**MARKETING WHERE EXECUTED (MKT)**

| | |
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| 1 | New York Stock Exchange |
| 2 | NYSE Alternext |
| 3 | Multiple markets (details on request) |
| 4 | BATS Exchange |
| 5 | Chicago Board Options Exchange |
| 6 | NASDAQ OMX BX |
| 7 | Chicago Stock Exchange (formerly Midwest) |
| 8 | Philadelphia Stock Exchange |
| 9 | ARCA EX |
| O,N,G,B | Over-the-Counter |
| R | NASDAQ |
| V | Electronic Communications Network |
| S | National Stock Exchange |
| Q | International Securities Exchange |
| T | CBOE Stock Exchange |
| U | The Market where executed can be provided upon request |
| Y | BATS Y |
| W | Direct Edge A(EdgeA) |
| Z | Direct Edge X(EdgeX) |

**ACCOUNT TYPE**

| | |
|---|---|
| 1 | Cash |
| 2 | Margin |
| 3 | Income |
| 4 | Repo |
| 5 | Short Sales |
| 6 | Reverse Repo |
| 7 | Non-Purpose Loan |
| 9 | DVP/RVP |

**TRANSACTIONS FEE CODES**

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| 1 | Broker Pay Away | F | French Transaction Tax |
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| 5 | Other Fees | K | Exercise and Assignment Fee |
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| 8 | Transfer Duty | P | Clearing Fee |
| 9 | Value Add Tax | Q | Ticket Charge |
| A | Regulatory Fee | | |
| B | Local Brokerage Fee | | |
| C | Local Market Fee | | |
| D | Local Market Tax | | |
| E | Confirm Fee | | |

WELLS FARGO SECURITIES
Wells Fargo Securities, LLC
608 Second Avenue South
10th Floor MAC N9303-102
Minneapolis, MN 55402
1-800-645-3751

**ACCOUNT NUMBER**
1BA81175

**YOUR REPRESENTATIVE**
SCOTT DORSEY

21036
CABELL COUNTY WEST VIRGINIA
CABELL COUNTY BOARD OF EDUCATION
2850 5TH AVENUE
HUNTINGTON WV 25702-1436

**PHONE** 212-214-8749



**DUPLICATE CABELL COUNTY WEST VIRGINIA**

**Solicited Trade**

# TRADE CONFIRMATION

| Activity | Quantity | Security ID | ISIN | Market* | Account* Type | Transaction Number | Trade Date | Settlement Date |
|---|---|---|---|---|---|---|---|---|
| Buy | 550,000 | 912796GJ2 | US912796GJ23 | O | 9 | X2727 | 09/17/2015 | 10/06/2015 |

| Price | Principal | Interest | Commission | Transaction Fees | Transaction Fee Codes* | Net Amount |
|---|---|---|---|---|---|---|
| 100.00000 | 550,000.00 | 0.00 | 0.00 | | | $550,000.00 |

| Security Description | Symbol | Day Count | Coupon Rate | Maturity Date | Issue Date |
|---|---|---|---|---|---|
| UNITED STATES TREASURY BILL | | ACT/360 | 0 | 10/08/2015 | 04/09/2015 |

**OTHER INFORMATION**

UNITED STATES TREASURY BILL
RE-ISSUE 09/10/2015
10/08/2015 MATURITY DATE
SOLICITED
AS OF 09/17/15
DISCOUNT 0
YIELD TO MATURITY 0.00
0.00% COUPON RATE.
ORIGINAL ISSUE DISCOUNT
FEDERALLY TAXABLE
TRADE CURRENCY USD
SETTLE CURRENCY USD

Interest Payment Frequency None
As Principal

*See Legend on Reverse Side

**Wells Fargo Securities, LLC - Member FINRA & SIPC**
**INVESTMENTS: NOT FDIC INSURED - NOT BANK GUARANTEED - MAY LOSE VALUE**
*Certificates of Deposit FDIC insured up to $250,000 per institution.*
Transactions subject to the terms and conditions stated herein and on the reverse side hereof. Retain for income tax purposes.

**VFS Terms and Conditions – We, Wells Fargo Securities, LLC ("WFS"), and you the customer hereby agree that:**

This confirmation shall be deemed acknowledged by you to be correct unless written notice of correction is received within 3 days. We reserve the right to correct this confirmation in case of error.

WFS is not a bank and is a separate legal entity from its bank or thrift affiliates. Securities sold, offered or recommended by WFS are not FDIC insured, are not bank deposits or other obligations of, or guaranteed by, Wells Fargo Bank, N.A., or any of their affiliates (unless explicitly stated otherwise). An investment in securities involves investment risks, including the possible loss of the principal amount invested.

This confirmation and all transactions hereunder are subject to: (a) the terms and conditions of any written agreements entered into between you and WFS; (b) the constitution, rules, regulations, customs, requirements, practices and interpretations of the exchange or market, and the clearing house, if any, where executed; and (c) applicable federal and state laws, the rules of any government agency, including the Securities and Exchange Commission ("SEC") and the Financial Services Authority ("FSA"), and of any association or self-regulatory organization having authority with respect thereto. WFS is a registered broker-dealer and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). This confirmation shall be construed in accordance with the laws of the State of North Carolina.

WFS may: (a) advise you as to the desirability of purchasing or selling securities and other property that may be purchased from or sold to an affiliate of WFS acting as principal or through such an affiliate acting as agent; and (b) execute any order to purchase or sell securities or other property from or to an affiliate of WFS acting as principal or through such affiliate acting as agent. In either case, the securities may have been issued by or underwritten by such affiliate and such affiliate may receive and retain its profits on such transactions including, without limitation any commissions, markups, markdowns or other remunerations not in excess of such affiliate's usual and customary charges. WFS' bank and thrift affiliates may be lenders to issuers of securities that WFS underwrites, in which case the proceeds of offerings underwritten by WFS may be used for repayment of such loans. Please refer to the disclosure documents relating to the securities for additional information.

All securities purchased for or sold to you may be hypothecated under circumstances that permit the commingling thereof with other customer securities.

WFS receives fees for directing orders in equity securities to particular brokers or dealers or market centers for execution. Such remuneration is considered compensation to WFS. The source and amount of any compensation received by WFS in connection with your transaction is available upon request.

Transactions executed in non-US markets may have been effected with or through an affiliate of WFS. Such affiliate may have acted as principal or agent and derived compensation therefrom. Additional information is available upon request.

An odd-lot differential may be charged on a transaction involving other than round lots (a round lot is normally 100 shares). The amount of any such differential is available upon request.

On your written request, WFS will furnish (i) the time of the transaction, and (ii) if WFS acted as your agent, the name of the buyer or seller of the security, and the amount, if any, of any remuneration if received other than commission, and (iii) if WFS acted as agent for another party, the source and amount of commissions received.

Call or early redemption features (either in whole or in part) may exist that could affect yield on debt securities. Additional information is available upon request.

Debt securities, including municipal securities, with a zero coupon make no periodic payments. Such securities may be callable at a price below their maturity value without notice by mail to holder unless registered.

If this transaction is a purchase by you and sufficient funds are not already in your account with us, you will make full payment for the securities promptly in accordance with the terms of this transaction (regardless of any right of equity, setoff or counter claim which you may have against us or any of our affiliates). We shall not be deemed to have delivered or to be required to deliver such securities prior to making such payment. If payment for, or delivery of, securities is not received by WFS by the earlier of the settlement date or the time specified by the regulations of the Federal Reserve Board we may cancel, or, in private or public sale, sellout or buy in the securities described on the front hereof, holding you liable for any loss incurred, and we may impose an interest charge from the date payment is due until it is received by WFS. If this transaction is a sale by you, unless you have informed us that this is a short sale and we have agreed to execute such sale, you represent that the securities described on the front hereof are in your account with WFS or you will deposit them promptly with WFS and not later than the settlement date.

The explanation "MISC" represents charges for, among other things, foreign currency conversions, commissions paid other brokers, and tax charges. Additional information is available upon request.

If this transaction is described as "when-issued" or "when-distributed" transaction, the final figure will be forwarded to you when obtainable on issue or delivery, and this transaction shall be subject to the special requirements for such transactions of any exchange on which it was made, or if not made on an exchange, of any association having authority with respect thereto.

If this is a transaction for a single mortgage-backed security pool that is TBA eligible during the applicable distribution period, additional pool information is available by calling Freddie Mac at 1-800-336-3672, option 2, or Fannie Mae at 1-800-237-8627 or by visiting their websites: www.freddiemac.com/mbs and www.fanniemae.com/mbs.

P. Disclosure documents for agency and mortgage-backed agency securities can be found at www.fanniemae.com, www.freddiemac.com, www.fhlb-of.com, www.farmcredit-ffcb.com and www.ginniemae.gov.

Q. If you are a securities custody customer of Wells Fargo Bank, N.A., we will provide instructions on your behalf respecting deliveries to, and from, your custody account, unless you notify us to the contrary.

R. At the time this transaction was executed, or subsequent thereto, we (or others acting for our account) may have effected transactions which stabilize or maintain the market price of the securities described on the front hereof (or other securities of the same issuer), at a level above that which may have prevailed in the open market. Such transactions may have been effected on any of the exchanges where these securities are traded, in the over-the-counter market, or otherwise. We may also engage or have engaged in such stabilization after this transaction was executed. Such stabilization, if commenced, may be or may have been discontinued at any time.

S. We (or others acting for our account) reserve the right to offer for sale and/or to sell from time to time as principal or agent an amount of the securities described on the front hereof in excess of the amount owned by us (or the seller for whom we act as agent) at the time such offers and/or sales are made. Such offers or sales (sometimes known as "short sales" or "overallotments") may or may not be made in conjunction with stabilizing transactions described in the preceding paragraph.

T. You acknowledge that the right of the holder of any tender option bonds to tender such securities is subject to restrictions and is not available in certain circumstances, including, in many instances, a downgrade in the rating of the issuer of the bonds. Additional information is available upon request.

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| S | National Stock Exchange |
| Q | International Securities Exchange |
| T | CBOE Stock Exchange |
| U | The Market where executed can be provided upon request |
| Y | BATS Y |
| W | Direct Edge A(EdgeA) |
| Z | Direct Edge X(EdgeX) |

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