

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2011

**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 2011 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 2011 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. See "TAX MATTERS" herein

\$37,000,000

**The Board of Education of the
County of Hancock (West Virginia)
Public School Bonds, Series 2011**

Dated: Date of Delivery

Due: May 1, as shown below

The Board of Education of the County of Hancock (West Virginia), Public School Bonds, Series 2011 (the "Series 2011 Bonds") are general obligations of The Board of Education of the County of Hancock, West Virginia (the "Board"), which Board has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Hancock County School District to pay the Series 2011 Bonds and the interest thereon, without limitation as to rate or amount.

The Series 2011 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 Series 2011 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 Series 2011 Bonds will not receive certificates representing their interests in the Series 2011 Bonds.

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2011 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated WesBanco Bank, Inc., Wheeling, West Virginia, as Registrar.

Interest on the Series 2011 Bonds will be payable on November 1, 2011 and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Series 2011 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 Series 2011 Bonds, as described herein.

The Series 2011 Bonds are subject to redemption prior to maturity as described herein.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP Base #:
2012	595,000				2025	1,480,000			
2013	865,000				2026	1,545,000			
2014	900,000				2027	1,620,000			
2015	945,000				2028	1,695,000			
2016	985,000				2029	1,770,000			
2017	1,030,000				2030	1,850,000			
2018	1,080,000				2031	1,935,000			
2019	1,130,000				2032	2,025,000			
2020	1,180,000				2033	2,120,000			
2021	1,235,000				2034	2,215,000			
2022	1,290,000				2035	2,320,000			
2023	1,350,000				2036	2,425,000			
2024	1,415,000								

The Series 2011 Bonds are offered for delivery when, as and if issued, subject to approval of legality by Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Board by Bowles Rice McDavid Graff & Love LLP, Morgantown, West Virginia, Counsel to the Board. It is expected that the Series 2011 Bonds will be available for delivery to DTC, New York, New York on or about March 10, 2011.

Sale Date: February 24, 2011

*See inside cover for footnote

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.

\$37,000,000
The Board of Education of the
County of Hancock (West Virginia)
Public School Bonds, Series 2011

ELECTED OFFICIALS

Jerry Durante, President
Patsy Brancazio, Board Member
Laura Greathouse, Board Member
Toni Hinerman, Board Member
John Manypenny, Board Member

APPOINTED OFFICIALS

Suzan Smith, Superintendent
Wayne Neely, Assistant Superintendent
Joseph Campinelli, Treasurer

BOARD'S COUNSEL

Bowles Rice McDavid Graff & Love LLP
Morgantown, West Virginia

BOND COUNSEL

Bowles Rice McDavid Graff & Love LLP
Charleston, West Virginia

FINANCIAL ADVISOR

Raymond James & Associates, Inc.
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 Series 2011 Bonds only at the time of issuance of the Series 2011 Bonds. Neither the Underwriters 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 Series 2011 Bonds.

No dealer, broker, salesman or other person has been authorized by The Board of Education of the County of Hancock, 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 there any sale of the Series 2011 Bonds herein described by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Board from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

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**OFFICIAL STATEMENT
RELATING TO

\$37,000,000
The Board of Education of the
County of Hancock (West Virginia)
Public School Bonds, Series 2011**

INTRODUCTION

This Official Statement provides certain information in connection with the sale of \$37,000,000 in aggregate principal amount of The Board of Education of the County of Hancock (West Virginia) Public School Bonds, Series 2011 (the “Series 2011 Bonds”). A brief description of The Board of Education of the County of Hancock, West Virginia (the “Board”), the Hancock County School District (the “School District”) and the County of Hancock, West Virginia (the “County” or “Hancock County”), with which the School District is coterminous, is provided, together with a description of the Series 2011 Bonds and sources of payment therefor.

The Series 2011 Bonds are general obligations of the Board, and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable property within the School District, without limitation as to rate or amount.

The Board has no other outstanding Public School General Obligation Bonds.

THE SERIES 2011 BONDS

General

The Series 2011 Bonds will be dated the date of delivery, will be issued as fully registered bonds in \$5,000 denominations or integral multiples thereof, and are payable on May 1, in the years and amounts as follows:

Maturing (May 1)	Principal Amount (\$)	Maturing (May 1)	Principal Amount (\$)
2012	595,000	2025	1,480,000
2013	865,000	2026	1,545,000
2014	900,000	2027	1,620,000
2015	945,000	2028	1,695,000
2016	985,000	2029	1,770,000
2017	1,030,000	2030	1,850,000
2018	1,080,000	2031	1,935,000
2019	1,130,000	2032	2,025,000
2020	1,180,000	2033	2,120,000
2021	1,235,000	2034	2,215,000
2022	1,290,000	2035	2,320,000
2023	1,350,000	2036	2,425,000
2024	1,415,000		

Pursuant to Chapter 13, Article 1 of the Code of West Virginia, 1931, as amended (the “Act”), both the principal of and interest on the Series 2011 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 WesBanco Bank, Inc., Wheeling, West Virginia, as the Registrar.

Interest on the Series 2011 Bonds will be payable on November 1, 2011 and semi-annually thereafter (each May 1 and November 1) in each year until maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of \$500,000 or more of the Series 2011 Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Optional Redemption

The Series 2011 Bonds maturing on or after May 1, 2022, are subject to redemption on or after May 1, 2021, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2011 Bonds and the amounts thereof to be redeemed, provided that the Series 2011 Bonds will be redeemed in whole multiples of \$5,000 in principal amount and in the minimum principal amount of \$50,000.

Notice of any redemption of Series 2011 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2011 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2011 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2011 Bonds having been deposited, the Series 2011 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2011 Bonds shall cease to bear interest.

Optional Term Bonds

Bidders have the option of specifying that the principal amount of the Series 2011 Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in the Official Notice of Sale.

Authority and Purpose

Purpose

To provide funds for making certain improvements in the School District as described in “Proposed Projects” in Appendix D.

Authority

The issuance of the Series 2011 Bonds and the levy of taxes sufficient to pay the interest on the principal of such Series 2011 Bonds were authorized and approved at the countywide general election held on November 2, 2010, pursuant to the Act, and to orders and resolutions duly entered and adopted by the Board. The ballot questions also included a maximum term of 25 ½ years from the date of issuance of the Series 2011 Bonds and an interest rate not exceeding 6 ¾% per annum. The canvass of said special election showed 5,214 “Yes” votes and 5,010 “No” votes, 51.00% voter approval of those who participated.

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

Nature of Obligation, Security and Source of Payments

The Series 2011 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 Series 2011 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, the West Virginia Municipal Bond Commission (the “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 2010 Budget Bill is indicative:

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

No representation is made that subsequent Budget Bills will have such provisions or that sufficient funds will be available to satisfy any such deficiencies. There has never been a default in payment of the principal of or interest on any general obligation bonds issued by The Board of Education of the County of Hancock. The enforceability of rights or remedies with respect to the Series 2011 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

HANCOCK 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 elected by the voters of the County without reference to political party affiliation. The terms of the members are for four years and are staggered. In 2012, the terms of two members will expire. The process will be repeated every two years thereafter.

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

During the fiscal year 2010-2011, the Hancock County school system has an administrative staff of 10 with the overall responsibility to coordinate and supervise the activities of 18 school administrators, 346.5 instructional staff (teachers and other professionals), and 195.25 service personnel. Total Full Time Equivalent positions are 541.75. The estimated pupil-teacher ratio for the 2010-2011 school year was 14.56 to 1 (combined elementary, middle and secondary schools). The total student enrollment (head count) was 4,316 students K-12.

Historical School Enrollment (School Year – Enrollments are October of each year.)

Grades	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
PK-EC	90	118	121	172	198	200
K	348	347	354	332	342	343
1	313	306	322	330	323	336
2	301	303	310	315	336	319
3	265	295	308	312	309	332
4	355	259	293	315	310	322
5	313	363	280	295	309	319
6	315	310	356	280	312	301
7	309	333	307	362	276	315
8	327	309	347	322	361	294
9	426	343	359	383	381	390
10	324	397	324	292	318	312
11	312	302	351	287	260	278
12	<u>300</u>	<u>307</u>	<u>273</u>	<u>331</u>	<u>278</u>	<u>255</u>
Total	4,298	4,292	4,305	4,328	4,313	4,316

Rate of Increase (Decrease) in Enrollment	
2005-2010	0.42%
Average Annual	0.08%

Source: Hancock County Board of Education

Projected Enrollment (School Year)

Year (October)	Enrollment
2011	4,257
2012	4,329
2013	4,297
2014	4,269
2015	4,210

Source: Hancock County Board of Education

Facilities

School	Grades	Type of Construction	Date of Construction	Renovations or Additions
A.T. Allison Elementary	K-4	Load Bearing Masonry	1963	1984
Broadview Elementary	PK-4	Load Bearing Masonry	1954	1956; 1987
Liberty Elementary	K-4	Load Bearing Masonry	1939	1988
New Monchester Elementary	PK-4	Load Bearing Masonry	1960	1988
Weirton Height Elementary	K-4	Load Bearing Masonry	1925	1927;1938;1955;1984
Oak Glen Middle School	5-8	Load Bearing Masonry	2005	None
Weir Middle School	5-8	Load Bearing Masonry	1963	1989; 2010
Oak Glen High School	9-12	Load Bearing Masonry	1963	1985; 1991; 2005
Weir High School	9-12	Load Bearing Masonry	1963	1984; 1991; 2010
J.D. Rockefeller IV Career Center	Vocational / Technical	Load Bearing Masonry	1981	1992

Source: Hancock County Board of Education

Tax Collection Procedures

All taxes for real estate and personal property are collected by the Hancock County Sheriff (the “Sheriff”) and are remitted by him to the State and other local levying bodies. Public utility taxes are collected directly by the State Auditor (the “Auditor”) and are remitted by him to the Sheriff for distribution. Tax statements are mailed by the Sheriff’s office in July, and they may be paid in two installments. The first half of the tax is subject to a 2 ½% discount if paid by September; 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 ½% 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 charges then due. The former owner of any real or personal property so purchased by the State, or any other person who is entitled to pay the taxes thereon, may redeem such real or personal property from the Auditor at any time within the eighteen months after the date of such purchase. The Auditor reports monthly to the Sheriff, the County Assessor and the Clerk of the County Commission all properties in the County which were redeemed in his office during the preceding month. The Auditor, each month, draws his warrant upon the State treasury payable to the Sheriff of the County for that part of the taxes, interest and charges received by him upon the redemption of the property included in his report which was owing to any of the taxing units in the County. The Sheriff accounts for and pays over such money as if it had been paid to him before sale and redemption.

Tax Levies and Collections*

Year	Projected Gross Tax (\$) at 100%	Projected Net Tax Collected (\$) at 92-93% Less Assessors Fee	Actual Collected (\$)	Actual Collected (%)
2004-2005				
General Current	5,691,734	5,236,395	5,702,645	100.2%
Excess Levy	5,738,980	5,279,862	5,772,433	100.6%
2005-2006				
General Current	5,826,477	5,360,359	5,926,603	101.7%
Excess Levy	5,874,843	5,404,856	6,019,373	102.5%
2006-2007				
General Current	6,106,135	5,617,644	6,166,607	101.0%
Excess Levy	6,288,863	5,785,754	6,382,274	101.5%
2007-2008				
General Current	5,964,087	5,486,960	6,070,344	101.8%
Excess Levy	6,348,374	5,840,504	6,490,826	102.2%
2008-2009				
General Current	5,793,067	5,329,622	5,872,178	101.4%
Excess Levy	6,166,332	5,673,025	6,314,674	102.4%
2009-2010				
General Current	6,010,013	5,529,212	5,994,282	99.7%
Excess Levy	7,109,784	6,541,001	7,181,158	101.0%

*Source: Hancock County Board of Education

Assessment Procedure

State statutes provide that all property must annually be assessed as of the first day of July. Assessment on this day is the basis for the following year's property taxes. The assessor must complete his compilation of the land and personal property books not later than January 30. The county commission, not later than February 1, must meet for the purpose of sitting as a board of equalization and review of such assessment books. After completion of the review and assessment the commission certifies and returns the property books to the assessor. Appeal of any assessment may be made to the circuit court of the county within 30 days after adjournment of the county commission sitting as a board of equalization and review. The assessor annually, not later than March 3, must furnish a certified statement to certain government 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 2010 assessment year valuations are made as of July 1, 2009, with taxes levied and collected during the fiscal year July 1, 2010, through June 30, 2011.

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

Property Classification

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

Assessed Valuations

The Hancock County School District includes all of Hancock County and has the same assessed valuation of property therein as does the entire county. Chapter 11, Article 1C of the West Virginia Code (the "Property Valuation Act") requires all assessors to appraise all property at fair market value (except for certain farm property), within three years. The State Tax Commissioner is required to monitor the assessors in the performance of their duties, and is required to perform the valuation process on industrial and natural resources property within the aforesaid three year period. The Property Valuation Act limits the increase in property taxes that could result from the new calculations to one percent per year, unless, in the case of school boards, the legislature, after a public hearing, deems a greater increase is necessary. The Property Valuation Act requires that all property except farms and managed timberlands be assessed at 60% of Fair Market Value at the end of the 3 year reappraisal cycle, which became effective July 1, 1994.

Assessed Valuation By Property Class*

Class	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
I	14,302	8,962	0	0	0
II	351,601,997	352,567,638	351,468,280	354,673,830	353,058,280
III	292,358,954	306,704,348	308,567,227	343,616,585	349,967,825
IV	<u>293,199,935</u>	<u>285,577,554</u>	<u>262,227,929</u>	<u>253,532,707</u>	<u>247,574,024</u>
Total	937,175,188	944,858,502	922,263,436	951,823,122	950,600,129

Assessed Valuation By Property Category*

Category	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Real	570,943,290	572,628,790	575,042,210	563,531,740	561,678,320
Personal	321,877,438	327,070,071	301,620,273	328,146,477	318,928,933
Public Utility	<u>44,354,460</u>	<u>45,159,641</u>	<u>45,600,953</u>	<u>60,144,905</u>	<u>69,992,876</u>
Total	937,175,188	944,858,502	922,263,436	951,823,122	950,600,129

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

72,250,352	in 2006-2007	72,410,894	in 2008-2009	72,135,920	in 2010-2011
71,820,856	in 2007-2008	72,172,850	in 2009-2010		

Source: State Tax Department

Largest Assessed Valuations (2010)*

Property Owner	Assessed Valuation (\$)
Mountaineer Park Inc	\$73,160,952
Ergon Inc	\$60,986,831
Arcelormittal	\$60,634,456
Linde Inc	\$25,030,325
Homer Laughlin Inc	\$21,985,451
Bellofram	\$7,153,706
National Church Supply	\$4,308,534
Automatic Timing and Controls	\$3,232,790
AL Solutions	\$2,317,407
Newchem Inc	\$1,926,821

*The assessed valuations include real and personal property in Class III or IV.

Non-Taxable Property was not included in this chart.

Source: Hancock County Assessor

Tax Rate Comparisons*

The following shows Hancock 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 2010; Fiscal Year 2010-2011).

County	Class I	Class II	Class III/IV
Hancock	58.82	117.64	235.28
Brooke	66.99	133.98	267.96
Marshall	59.74	119.48	238.96
Ohio	56.75	113.50	227.00

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

Source: West Virginia State Auditor

County Tax Rates

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

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 five years without resubmission to the voters.

School Tax Rates (Source: West Virginia State Auditor)

Taxes for school purposes are uniform throughout the County. In accordance with Chapter 11, Article 8, Section 6c of the Code of West Virginia of 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

Class	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
I	20.05	19.40	19.40	19.40	19.40
II	40.10	38.80	38.80	38.80	38.80
III and IV	80.20	77.60	77.60	77.60	77.60

School Excess Levy

Class	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
I	20.65	20.65	20.65	22.95	22.95
II	41.30	41.30	41.30	45.90	45.90
III and IV	82.60	82.60	82.60	91.80	91.80

Rates of Levy

The tax rates for citizens of the County, including those imposed by the Hancock County Board of Education, but not including those relating to the proposed bond issue, in cents per \$100 assessed valuation for the 2010-2011 fiscal year, are as follows:

Tax Type	Class I	Class II	Class III/IV
State Current	.25	.50	1.00
County Current	14.30	28.60	57.20
County Excess	1.92	3.84	7.68
School Current	19.40	38.80	77.60
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 2010-2011 fiscal year.

Municipality	Class I	Class II	Class IV
Chester	12.48	24.96	49.92
New Cumberland	18.75	37.50	75.00
Weirton	12.50	25.00	50.00

Source: West Virginia State Auditor

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

Summary of Statistical Debt Information

Population (2009)	29,729
Assessed Valuation*	950,600,129
Debt Limit (5% of Assessed Valuation)	47,530,006
Outstanding Debt (Including the Series 2011 Bonds)	37,000,000
Debt Contracting Margin	10,530,006
Per Capita Debt	1,244.58
Outstanding Debt as percentage of Assessed Valuation	3.89%

*Assessed Value is estimated to be approximately 60% of appraised or market value
(Assessment Year 2010, Fiscal Year 2011).

Debt Service Requirements

Upon issuance of the Series 2011 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 2011 Principal (\$)	Series 2011 Interest (\$)	TOTAL (\$)
2012	595,000		
2013	865,000		
2014	900,000		
2015	945,000		
2016	985,000		
2017	1,030,000		
2018	1,080,000		
2019	1,130,000		
2020	1,180,000		
2021	1,235,000		
2022	1,290,000		
2023	1,350,000		
2024	1,415,000		
2025	1,480,000		
2026	1,545,000		
2027	1,620,000		
2028	1,695,000		
2029	1,770,000		
2030	1,850,000		
2031	1,935,000		
2032	2,025,000		
2033	2,120,000		
2034	2,215,000		
2035	2,320,000		
2036	2,425,000		
TOTAL	37,000,000		

Overlapping Debt

There is no overlapping county or city general obligation debt.

CERTAIN FINANCIAL INFORMATION

Description of Funds

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

1. Debt Service Fund

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

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

2. Bond Construction Fund

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

3. Capital Projects Fund

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

4. General Current Expense Fund

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

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 Series 2011 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.

Budgetary Procedures

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

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

Internal Control

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

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

Statement of Revenues and Expenditures -- Budget and Actual

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

	2009 Budget (\$)	2009 Actual (\$)	2010 Budget (\$)	2010 Actual (\$)	2011 Budget (\$)
Revenues:					
Property Taxes	11,965,334	12,186,852	13,210,864	13,175,439	13,035,830
Other Local Sources	313,224	311,328	1,031,395	480,678	531,500
State Sources	22,265,218	22,265,218	22,623,767	21,010,465	20,622,520
Federal Sources	805,000	975,674	1,000,000	979,417	1,000,000
Miscellaneous Sources	---	---	<u>12,500</u>	---	<u>12,500</u>
Total Revenues Collected	35,348,776	36,738,283	37,878,526	36,645,999	35,202,350
Expenditures:					
Instruction*	21,339,226	22,061,001	20,480,155	20,049,208	19,317,785
Supporting Services:					
Students	1,072,875	1,069,431	1,691,965	1,130,496	1,934,041
Instructional Staff	359,183	378,433	382,074	377,834	373,742
Central Administration	1,883,616	1,863,349	2,342,350	6,092,665	2,005,855
School Administration	2,432,504	2,457,714	2,445,906	2,401,336	2,455,551
Business	799,099	813,930	848,537	756,669	875,741
Operation & Maintenance of Facilities	4,330,253	4,083,973	5,645,181	4,390,081	5,462,648
Student Transportation	3,067,339	3,002,982	3,290,811	3,009,372	3,294,142
Food Services	3,000	31,178	2,000	1,912	16,000
Community Services	33,010	33,010	40,000	40,000	---
Capital Outlay	<u>415,000</u>	---	<u>445,347</u>	<u>444,666</u>	---
Total Expenditures	35,735,105	35,795,001	37,614,326	39,234,238	35,735,505
Excess (Deficiency) of Revenues over Expenditures	(386,329)	943,282	264,200	(3,558,239)	(533,155)
Other Financing Sources (Uses)					
Transfers in	97,500	34,383	100,000	45,617	75,000
Transfers (out)	<u>(659,754)</u>	<u>(670,168)</u>	<u>(650,000)</u>	<u>(650,000)</u>	<u>(526,355)</u>
Total other financing sources (uses)	(562,254)	(635,785)	(550,000)	(604,383)	(451,355)
Net change in Fund Balance	(948,583)	307,497	(285,000)	(4,192,622)	(984,510)
Fund Balance – beginning, as restated (July 1)	984,583	684,194	285,800	1,004,809	984,510
Fund Balance – ending (June 30)	---	993,691	---	(3,187,813)	---

Source: Hancock County Board of Education

*This includes \$4,349,855 OPEB Liabilities for Fiscal Year 2010 (2009-2010 Actual)

Insurance Coverage (Source: Hancock County Board of Education)

1. Type	<u>Amount in Force (FY 2011)</u>
Fire, extended coverage/buildings & personal property	\$1,000,000 per occurrence
Public official position bond: Superintendent	\$ 10,000
Board President	\$ 10,000
Treasurer	\$300,000
Blanket Bond	\$ -----
Fidelity Honesty Bond (all employees)	\$ 0
Money & Securities (all employees)	\$ 0
Deductible - \$2,500 per occurrence	

Liability Insurance: The Board is insured for the coverage indicated below under a general liability policy and an automobile policy issued to the State of West Virginia by National Union Fire Insurance Co. of Pittsburgh, Pennsylvania. The Board is an Additional Insured under the policies for a coverage period July 1, 2010 to July 1, 2011. The Board is insured for the following coverages:

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

2. Limits of Liability

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

SPECIAL LIMITS. The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.00 for private passenger vehicles or \$1,000 for other vehicle types including mobile equipment.

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

Source: Hancock County Board of Education

Teachers Retirement Systems (Source: West Virginia Consolidated Public Retirement Board)

Teachers Retirement System (Defined Benefit)

The Teachers Retirement System (TRS), established in 1941, is a multiple employer defined benefit cost sharing public employee retirement plan covering all full-time employees of the 55 county public school system, certain personnel of the 16 state-supported higher education institutions, and employees of the State Department of Education. As of July 1, 2009, there are 35,701 active members and 29,245 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, 2009 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, 2009, the unfunded liability of TRS was \$5.053098 billion. The funded percentage was 41.3%. The TRS unfunded accrued liability should be extinguished on or about June 30, 2034.

Teachers' Defined Contribution Retirement System

The Teachers' Defined Contribution Retirement System (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, 2008, there were approximately 5,155 members in the TDC. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Members may choose from thirteen (13) separate investment options.

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

TDC Transfer to TRS

In 2008, the West Virginia Legislature enacted legislation authorizing members of the TDC to elect to voluntarily transfer to TRS. For the transfer to occur the legislation required that at least 65% of members of TDC as of December 31, 2007 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.

TAX MATTERS

In the opinion of Bond Counsel, (a) under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2011 Bonds is excludable from gross income of the owners thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations upon the conditions and subject to the limitations set forth in this section, and (b) under existing West Virginia Law, the Series 2011 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2011 Bonds. The Board has covenanted to comply with certain restrictions designed to ensure that interest on the Series 2011 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2011 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2011 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 Series 2011 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2011 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 Series 2011 Bonds. Prospective purchasers of the Series 2011 Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Series 2011 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 Series 2011 Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2011 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 Series 2011 Bonds. Prospective purchasers of the Series 2011 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority and represents Bond Counsel's judgment as to the proper treatment of the Series 2011 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2011 Bonds ends with the issuance of the Series 2011 Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners regarding the tax-exempt status of the Series 2011 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Board and its counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2011 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 Series 2011 Bonds, and may cause the Board or the beneficial owners to incur significant expense.

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 Series 2011 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 Series 2011 Bonds if not paid from other sources.

LITIGATION

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

At the time of payment for and delivery of the Series 2011 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 Series 2011 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 Series 2011 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 Series 2011 Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as Exhibit G, to provide financial information not later than two hundred seventy (270) days following the end of the Board's fiscal year, commencing with the report for the fiscal year ending June 30, 2010 (which is due no later than March 31, 2011), 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 WesBanco Bank, Inc., Wheeling, 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 Series 2011 Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT."

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2011 Bonds are subject to the approval of Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia, Bond Counsel, whose approving legal opinion will be delivered with such Series 2011 Bonds.

SALE AT COMPETITIVE BIDDING

The Series 2011 Bonds will be offered by the Board at competitive bidding on February 24, 2011 in accordance with the Official Notice of Sale.

RATING

Standard & Poor's Corporation, 55 Waters Street, New York, New York, 10041, has assigned the Series 2011 Bonds its rating of '___'. 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 Series 2011 Bonds.

FINANCIAL ADVISOR

Raymond James & Associates, Inc., Charleston, West Virginia, Financial Advisor to the Board, or its directors or employees, may hold, own or dispose of bonds, including the Series 2011 Bonds, issued by the Board. Raymond James & Associates, Inc., may wish to bid alone or as a member of a syndicate for the purchase of the Series 2011 Bonds.

CONCLUDING STATEMENT

The information furnished in this Official Statement is set forth for the benefit of prospective purchasers of the \$37,000,000 in aggregate principal amount of The Board of Education of the County of Hancock Public School Bonds, Series 2011. The material contained in the Official Statement was compiled for and at the direction of The Board of Education of the County of Hancock by Raymond James & Associates, Inc. in its capacity as Financial Advisor.

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

So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are set forth as such and not as representation of fact. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Series 2011 Bonds.

THE BOARD OF EDUCATION OF THE COUNTY OF HANCOCK

By: /s/_____, President

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**AUDIT REPORT OF
HANCOCK COUNTY BOARD OF EDUCATION
NEW CUMBERLAND, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2009**

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**AUDIT REPORT OF
HANCOCK COUNTY BOARD OF EDUCATION
For the Fiscal Year Ended June 30, 2009**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2009**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General Current Expense Fund

Special Revenue Fund

Restricted Projects

Capital Projects Funds

Capital Projects

FIDUCIARY FUND TYPES

Agency Funds

School Activity

HANCOCK COUNTY BOARD OF EDUCATION

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INTRODUCTORY SECTION

HANCOCK COUNTY BOARD OF EDUCATION

OFFICIALS

For the Fiscal Year Ended June 30, 2009

OFFICE	NAME	TERM
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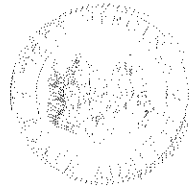
Elective

Board Members:	Christine Fair(for Joe Barnebie)	07-01-08 / 06-30-10
	John Manypenny	07-01-06 / 06-30-10
	Laura Greathouse(for Tim Reinard)	07-01-08 / 06-30-10
	Jerry L. Durante	07-01-08 / 06-30-12
	Patsy Brancazio	07-01-08 / 06-30-12

Appointive

Board President:	Jerry L. Durante	07-01-08 / 06-30-10
Treasurer:	Joseph Campinelli	

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 558-5327
Internet: <http://www.wvsao.gov>

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Hancock County Board Of Education
New Cumberland , West Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Hancock County Board of Education (the Board), as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Hancock Board of Education, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2010 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 3, the Board implemented the provisions of Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's financial statements. The introductory section, budgetary comparison information for the Capital Projects Fund, and the Schedule of Changes in School Activity Funds are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Hancock County Board of Education. Such information, with the exception of the introductory section, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer, III", with a stylized flourish at the end.

Glen B. Gainer, III
West Virginia State Auditor

May 12, 2010

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

Our discussion and analysis of the Hancock County Board of Education's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2009. 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 exceeded liabilities by \$24,692,350 at the close of the most recent fiscal year. Of this amount, \$709,860 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Board's total net assets increased by \$683,760.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$248,556, a decrease of \$463,101 in comparison with the prior year. Approximately \$110,005 of this total amount is available for spending at the Board's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$971,580 or 2.7 percent of total General Fund expenditures.

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 assets* presents information on all of the Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing 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 12 and 13 of this report.

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

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 three 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 and the 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 17 of this report.

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. The notes to the financial statements can be found on pages 18 to 37 of this report.

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by \$24,692,352 at the close of the most recent fiscal year.

	Governmental Activities
ASSETS	
Current and other assets	\$ 6,388,961
Capital assets	24,180,253
Total assets	\$ 30,569,214
LIABILITIES AND NET ASSETS	
Liabilities:	
Current and other liabilities	\$ 5,679,101
Long-term liabilities outstanding	197,761
Total liabilities	\$ 5,876,862
Net assets:	
Invested in capital assets, net of related debt	\$ 23,982,492
Unrestricted	709,860
Total net assets	\$ 24,692,352
Total liabilities and net assets	\$ 30,569,214

- The largest portion of the Board's net assets, 97.13% reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Board's net assets, 0.04% represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for special projects and the payment of state and federal grants.
- The remaining balance of *unrestricted net assets*, 2.84% may be used to meet the Board's obligations to students, employees, and creditors and to honor next year's budget.

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

At the end of the current fiscal year, the Board was able to report positive balances in all three categories of net assets. The same situation was not true for the prior fiscal year.

Restricted net assets *decreased* by \$16,577 during the year ended June 30, 2009. This *decrease* resulted primarily from receivables being greater than prior years.

The Board's total net assets increased by \$683,760 during the current year. In the past several years, the Board has experienced a down-sizing of one of the major tax payers and has made strong efforts to monitor and decrease spending where possible. These factors have contributed to the current increase.

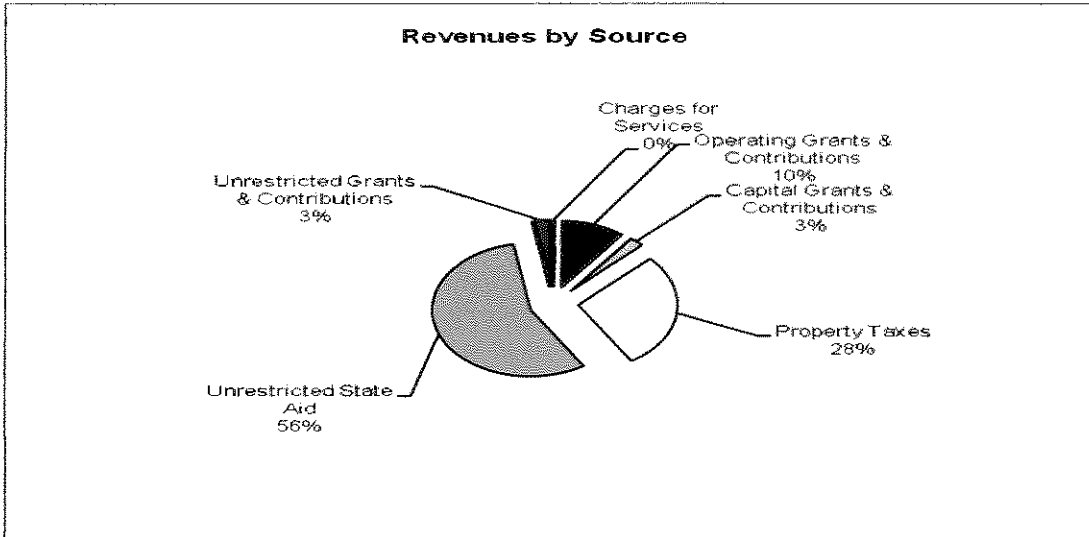
The key elements of the Board's net assets for the year ended June 30, 2009 are as follows:

	Governmental Activities
Revenues:	
Program revenues:	
Charges for services	\$ 95,642
Operating grants and contributions	4,332,540
Capital grants and contributions	981,027
General revenues:	
Property taxes	11,905,441
Unrestricted state aid	23,821,877
Unrestricted investment earnings	45,700
Unrestricted grants and contributions	1,132,960
Total revenues	\$ 42,315,187
Expenses:	
Instruction	\$ 25,217,847
Supporting services:	
Students	1,131,625
Instructional staff	899,224
District admin.	1,987,320
School admin.	2,462,572
Business services	936,415
Operation and Maint.	3,969,011
Transportation	3,211,367
Food services	1,721,814
Community services	94,232
Total expenses	\$ 41,631,427
Change in net assets before transfers	683,760
Transfers	-
Change in net assets	683,760
Net assets - July 1, 2008	24,008,592
Net assets - June 30, 2009	\$ 24,692,352

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

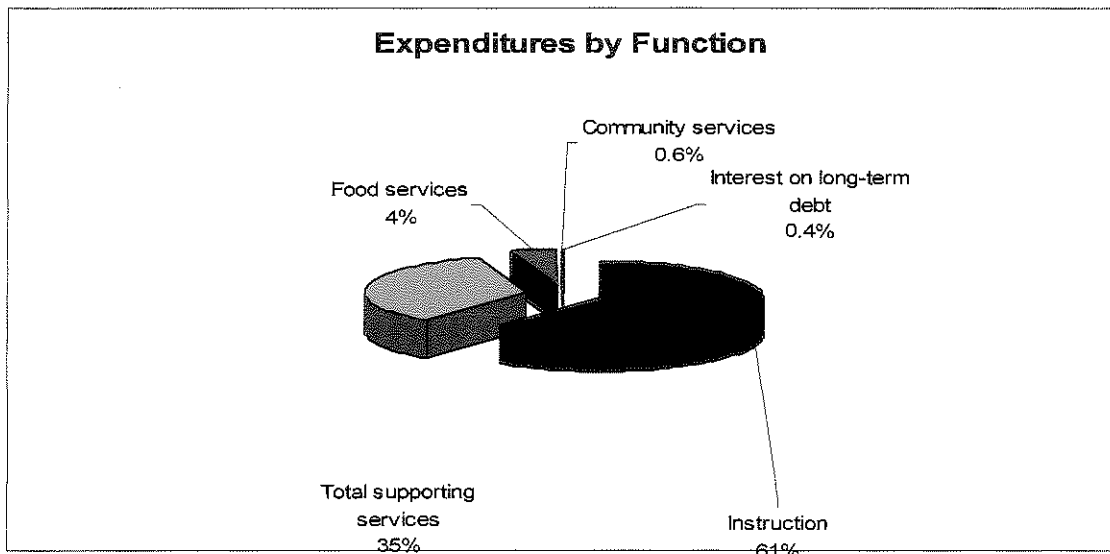
When comparing revenues from the prior year, the school district saw an increase of \$2,787,867. The largest increase continues to be from federal and state aid. The increase is due to a slight increase in student enrollment which is the driving factor in producing state aid.

The following chart shows the Board's revenues for fiscal year ended June 30, 2009 by source:



When comparing expenditures from the prior year, the school district saw an increase of \$1,721,564. The largest decrease continues to be from a reduction in force of personnel and completion of some maintenance projects.

The following chart shows the Board's expenditures for fiscal year ended June 30, 2009 by function:



**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

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, *unreserved 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 \$248,556.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the Board's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the Board's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. The Board had no portion of the unreserved fund balance designated.

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 budget was an increase of \$1,237,872 in total general fund expenditures. The most significant differences may be summarized as follows:

- To carry forward prior fiscal year ending balance in the amount of \$948,583
- To include federal and state projects not originally included with the beginning budget.
- To include beginning work on a new HVAC project at Weir High School.

Capital Asset and Debt Administration

Capital assets - The Board's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$24,180,252 (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 2.99 percent.

	Governmental Activities
Land	\$ 1,710,516
Construction in process	1,327,435
Long-term site improvements	27,288
Buildings and improvements	19,070,261
Furniture and equipment	523,751
Vehicles	1,521,001
	<hr/>
Total capital assets	\$ 24,180,252
	<hr/>

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

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 capital lease obligations of \$197,760. The obligation for compensated absences for vacations was \$292,718 at June 30, 2009.

	Governmental Activities
General obligation bonds	\$ -
Capital Lease obligations	197,760
Compensated absences	292,718
Accrued sick leave	-
Total debt outstanding	<u>\$ 490,478</u>

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

At the time these financial statements were prepared and audited, the Board was aware of circumstances that could significantly affect its financial health in the future:

- *The county has a major tax payer in Mittal Steel Corporation. Mittal is currently undergoing a re-evaluation of their tax base which could lead to a drop in future tax assessments for the county. While the State of West Virginia will provide the majority of any lost tax revenue for current taxes levied, the State will not make up any of the excess levy tax base currently in place.*
- *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. These special benefits are known as other post employment benefits or OPEB. The cost of additional retirement benefits are the liability of the West Virginia Consolidated Public Retirement Board and therefore are not recorded in the Board's financial statements. Currently, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia Legislature has appropriated funds for the Board for payment of a portion of these costs. However, because such appropriations are at the discretion of the Legislature, are not fully funded and are not guaranteed, the liability for the cost of sick leave convertible to health insurance premiums that is above the state appropriation is recorded in the Board's financial statements. At June 30 2009, the liability for such costs was \$431,144, which is included in the district-wide financial statement of net assets. The county has currently entered into a class action lawsuit along with over 40 other WV counties to dispute the legality of requiring the Board to record the OPEB liability. If successful, it is believed a portion if not all of the liability will be removed from the county's liabilities and be restored. If unsuccessful, the OPEB will have long term devastating effects on each county in the state of WV.*

**HANCOCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

Contacting the Board's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board Office, 104 North Court Street, New Cumberland, WV 26047.

HANCOCK COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,073,332
Investments	1,027,300
Taxes receivable, net of allowance for uncollectible taxes	155,753
Food services receivable	57,540
Other receivables	143,112
Due from other governments:	
State aid receivable	206,397
PEIA allocation receivable	498,486
Reimbursements receivable	1,227,041
Capital Assets not being depreciated:	
Land	1,710,516
Construction in Progress	1,327,435
Capital Assets being depreciated:	
Long Term Site Improvement	1,324,011
Buildings and improvements	33,111,507
Furniture and equipment	9,917,564
Vehicles	4,277,749
Less accumulated depreciation	(27,488,529)
Total capital assets, net of depreciation	<u>24,180,253</u>
Total assets	<u>30,569,214</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Salaries payable and related payroll liabilities	3,710,213
Workers' compensation payable	10,233
PEIA premiums payable	411,199
Deferred revenues	545,852
Compensated absences	292,718
Accounts payable	277,742
Other post employment benefit payable - state aid funded employees	431,144
Long-term obligations:	
Due within one year:	
Capital leases	110,923
Due beyond one year:	
Capital leases	86,838
Total liabilities	<u>5,876,862</u>
Net Assets:	
Invested in capital assets, net of related debt	23,982,492
Unrestricted	709,860
Total net assets	<u>\$ 24,692,352</u>

The notes to the financial statements are an integral part of this statement.

HANCOCK COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions	Program Revenues			Net (Expense), Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 25,217,846	\$ -	\$ 2,039,890	\$ 460,526
Supporting services:				
Students	1,131,625	40,094	113,696	20,666
Instructional staff	899,224	-	225,901	16,422
District administration	1,987,320	55,548	137,788	36,292
School administration	2,462,572	-	170,741	44,972
Business services	936,415	-	70,926	17,101
Operation and maintenance of facilities	3,969,011	-	275,187	72,482
Student transportation	3,211,367	-	230,138	309,566
Food services	1,721,814	-	1,068,273	-
Community services	94,232	-	-	3,000
Total governmental activities	\$ 41,631,426	\$ 95,642	\$ 4,332,540	\$ 981,027
General revenues:				
Property taxes				11,905,441
Unrestricted state aid				23,821,877
Unrestricted investment earnings				45,700
Unrestricted grants and contributions				1,132,960
Total general revenues				36,905,978
Change in net assets				683,761
Net assets - beginning (Note 3)				24,008,591
Net assets - ending				\$ 24,692,352

The notes to the financial statements are an integral part of this statement.

HANCOCK COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General Current Expense	Special Revenue Fund	Capital Projects Fund	Total Governmental
ASSETS				
Cash and cash equivalents	\$ 3,073,332	\$ -	\$ -	\$ 3,073,332
Investments	1,027,300	-	-	1,027,300
Taxes receivable, net	155,753	-	-	155,753
Food service receivable, net	-	57,540	-	57,540
Other receivables	143,112	-	-	143,112
Due from other governments:				
State aid receivable	200,028	6,369	-	206,397
PEIA allocation receivable	498,486	-	-	498,486
Reimbursements receivable	-	1,227,041	-	1,227,041
Due from other funds	564,174	-	-	564,174
Total assets	\$ 5,662,185	\$ 1,290,950	\$ -	\$ 6,953,135

LIABILITIES AND FUND BALANCES

Liabilities:

Salaries payable and related payroll liabilities	3,710,213	-	-	3,710,213
Workers' compensation payable	10,233	-	-	10,233
Other post employment benefits payable:				
state aid funded	431,144	-	-	431,144
PEIA premiums payable	411,199	-	-	411,199
Accounts payable	105,705	172,037	-	277,742
Deferred revenue	-	1,299,874	-	1,299,874
Due to other funds	-	564,174	-	564,174
Total liabilities	4,668,494	2,036,085	-	6,704,579

Fund Balances:

Reserved for:				
Encumbrances	22,111	11,734	104,706	138,551
Unreserved:				
Undesignated	971,580	(756,869)	(104,706)	110,005
Total fund balances	993,691	(745,135)	-	248,556

TOTAL LIABILITIES AND FUND BALANCES	\$ 5,662,185	\$ 1,290,950	\$ -	
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Amounts reported for governmental activities in the statement of net assets differ due to:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 7) 24,180,253

Receivable amounts that will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the funds. 754,022

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (Note 8)

Capital leases payable	(197,760)
Compensated absences	(292,718)

Net assets of governmental activities	<u>\$ 24,692,352</u>
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The notes to the financial statements are an integral part of this statement.

HANCOCK COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Current Expense	Special Revenue	Capital Projects Fund	Total Governmental
Revenues:				
Property taxes	\$ 12,186,852	\$ -	\$ -	\$ 12,186,852
Other Local sources	311,328	510,214	-	821,542
State sources	23,264,429	1,464,291	202,114	24,930,834
Federal sources	975,674	2,962,829	-	3,938,503
Total revenues	36,738,283	4,937,334	202,114	41,877,731
Expenditures:				
Instruction	22,061,001	2,398,963	-	24,459,964
Supporting services:				
Students	1,069,431	62,194	-	1,131,625
Instructional staff	378,433	520,791	-	899,224
Central administration	1,863,349	102,686	-	1,966,035
School administration	2,457,714	3,158	-	2,460,872
Business	813,930	114,152	-	928,082
Operation and maintenance of facilities	4,083,973	11,504	-	4,095,477
Student transportation	3,002,982	244,211	-	3,247,193
Food services	31,178	1,699,516	-	1,730,694
Community services	33,010	61,222	-	94,232
Capital outlay	-	1,114,906	212,528	1,327,434
Total expenditures	35,795,001	6,333,303	212,528	42,340,832
Excess (deficiency) of revenues over expenditures	943,282	(1,395,969)	(10,414)	(463,101)
Other financing sources (uses):				
Transfers in	34,383	659,754	10,414	704,551
Transfers (out)	(670,168)	(34,383)	-	(704,551)
Total other financing sources (uses)	(635,785)	625,371	10,414	-
Net change in fund balances	307,497	(770,598)	-	(463,101)
Fund balances - beginning, as restated (Note 14)	686,194	25,463	-	711,657
Fund balances - ending	\$ 993,691	\$ (745,135)	\$ -	\$ 248,556

The notes to the financial statements are an integral part of this statement.

**HANCOCK COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2009**

Amounts reported for governmental activities in the statement of activities are different due to:

Net change in fund balances - total governmental funds	\$ (463,101)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net assets is the amount by which capital outlays exceed depreciation in the current period. (Note 7)

Depreciation expense	(1,040,372)
Capital outlays	1,695,067

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, rather they are reported as deferred revenues.

Taxes receivable	[current year \$155,752 less prior year \$453,498]	(281,411)
Food service receivable	[current year]	(35,155)
Reimbursement receivable	[current year \$1,299,874 less earmarked \$545,852]	754,022

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 8)

(68,640)

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 assets. (Note 8)

Capital leases payable	167,381
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Compensated absences are reported as liabilities in the statement of net assets, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences increased. (Note 8)

Accrued vacation payable	(44,030)
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Change in net assets of governmental activities	\$ <u>683,761</u>
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HANCOCK COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Agency Funds</u> <u>School Activity</u> <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 811,692
Total assets	<u>\$ 811,692</u>
LIABILITIES	
Due to Student Activities	<u>811,692</u>
Total liabilities	<u>\$ 811,692</u>

The notes to the financial statements are an integral part of this statement.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Note 1 - Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the ultimate standard-setting body for state and local governments.

A. Reporting Entity:

The Hancock County Board of Education (the Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school board and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement No. 14 (as amended by GASB Statement No. 39) establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The Board has no component units, defined by GASB Statement No. 14 (as amended by GASB Statement No. 39) as other legally separate organizations for which the elected board members are financially accountable.

B. Government-wide and Fund Financial Statements:

The Government-wide financial statements (the statement of net assets and the statement of activities) display information about the Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a function or segment and, therefore, are clearly identifiable to a particular function or segment.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

The fund financial statements provide information about the individual funds maintained by the Board. All funds maintained by the Board are considered to be major funds for reporting purposes and are presented in individual separate columns.

The funds maintained by the Board are:

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue Fund: The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

Capital Projects Funds: Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

Agency Funds: Agency funds are used to account for assets that the Board holds for others in an agency capacity. These include: 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 Board, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the Board by a benefactor for the purpose of providing scholarships for graduates of the county school Board.

C. Measurement Focus and Basis of Accounting:

The Government-wide statements (Statement of Net Assets and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement No. 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

The governmental fund financial statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collectible within 30 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Board holds for others in an agency capacity.

D. Encumbrances:

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported as reservations of fund balances 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, 2009 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. Funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Investments of the Board at June 30, 2009 consisted of the following:

	<u>Carrying Amount</u>	<u>Book Balance</u>
Municipal Bond Commission	\$ 1,027,300	\$ 1,027,300

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.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Board manages its exposure to interest rate risk for investments is by purchasing short-term investments that are less affected by changes in market rates as compared to long-term investments.

At June 30, 2009, the Board has \$1,027,300 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, 2009, 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 uncollectible accounts.

G. Interfund Receivables and Payables:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

H. Capital Assets:

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles, are reported in the Government-wide financial statements. The Board defines capital assets as assets with an initial, individual cost of \$5,000 or more for land, furniture, vehicles, and equipment and \$100,000 for buildings with an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Site Improvements	20 – 35
Furniture and Equipment	5 – 20
Vehicles	8 – 12

I. Compensated Absences and Special Termination Benefits:

Compensated Absences:

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick benefits can be accumulated up to unlimited days, respectively, and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred. In lieu of a cash payment at retirement, an employee can elect to use accumulated annual leave toward their post-employment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

Special Termination Benefits:

When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board.

The payment of health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia State Legislature appropriates funds that are used by the Board to pay for its obligations for this special termination benefit. Because such appropriations are at the discretion of the Legislature and not guaranteed, the liability for sick leave convertible to health insurance premiums using the vesting method is recorded in the Board's financial statements.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

J. Long-term Obligations:

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

K. Restricted Net Assets:

For the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

L. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent that portion of fund equity committed by official Board action prior to June 30 of each year for specific purposes. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2009.

M. Elimination and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

N. 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.

O. Restricted Resources:

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Note 2 - Stewardship, Compliance and Accountability:

A. 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, 2009:

<u>Fund</u>	<u>Amount</u>
<u>Special Revenue Fund</u>	\$ (770,598)

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 following funds have a deficit fund balance at June 30, 2009:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund	\$ (745,135)

The Special Revenue Fund incurred a deficit fund balance because not all revenue has been received for expenses that have been paid in some projects. This fund will net to zero when all projects are complete.

B. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the modified accrual basis of accounting for all governmental funds but do not include amounts for other post employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State 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.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

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 Statement No. 16 requires, *Accounting for Compensated Absence*. For the fiscal year ended June 30, 2008, the Board included in compensated absences an estimated amount for accrued personal leave using the guidance provided in this statement. Subsequent to the end of the year, the State Auditor has determined that accrued sick leave should not be considered a termination benefit; therefore the liability associated with accrued sick leave is not included as compensated absences for the fiscal year ended June 30, 2009.

GASB Statement No. 45 requires, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions*. The Board implemented GASB Statement No. 45 for the year ended June 30, 2009. In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenditures and related liabilities, note disclosures, and, if applicable required supplementary information (RSI) in the financial reports of state and local governmental employers.

As a cost-sharing employers, the Board is required to recognize OPEB expenditures for the contractually required contributions to the plan on the modified accrual basis of accounting. Therefore, the unpaid OPEB at June 30 will be reported on the Balance Sheet as "Other postemployment benefit payable".

In the prior year, an estimate of accrued sick leave liability was recorded using guidance from GASB Statement No. 16. An adjustment was made to the beginning net assets to remove that balance from the Government-wide Statement of Net Assets.

Also in the prior year, the Board was billed for other postemployment benefits that were not paid. This current liability was not reported in the prior year because GASB Statement No. 45 implementation was not required for the Board until the fiscal year ending June 30, 2009. An adjustment was made to the beginning balance and beginning net assets to add that balance to the figures previously reported.

Restatement of Net Assets is as follows:

Total Net Assets – July 1, 2008, as previously reported	\$ 24,270,981
Less: Current liability – other postemployment benefits Payable attributable to fiscal year ended 6-30-08	<u>(262,390)</u>
Total Net Assets – July 1, 2008, adjusted due to change in accounting	\$ <u>24,008,591</u>

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

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 is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage. Members may purchase up to an additional \$500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers Compensation Fund (WCF): West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the State. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2009 and to government employers July 1, 2012. Nearly every employer in the State, including all boards of education, which have a payroll, must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Note 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.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Class II - All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III - All real and personal property situated outside of municipalities, exclusive of Class I and II property.

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

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per \$100 of assessed valuation; Class II - 45.90¢ per \$100 of assessed valuation; Class III - 91.80¢ per \$100 of assessed valuation; and Class IV - 91.80¢ per \$100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessor's Valuation Fund are also to be excluded from the calculation.

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, 2009 were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>
Class I	\$ -	19.40¢	20.65¢
Class II	\$ 351,468,280	38.80¢	41.30¢
Class III	\$ 308,567,227	77.60¢	82.60¢
Class IV	\$ 262,227,929	77.60¢	82.60¢

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

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

Taxes Receivable:

Taxes receivable as of year end for the Board's funds are as follows:

	<u>General Fund</u>
Taxes Receivable	\$ 155,752
Less: allowance for uncollectible	<u>-0-</u>
Net total taxes receivable	\$ <u>155,752</u>

Normal tax collections are received at approximately 96% of taxes levied. This year collections were higher than normal leaving no allowance for uncollectible.

Note 6 - Excess Levy:

The Board had an excess levy in effect during the fiscal year ended June 30, 2008. The levy was authorized by the voters of the county at an election held on November 15, 2003 for the fiscal years ended June 30, 2005 through June 30, 2009 to provide funds for the following purposes:

To provide instructional materials, supplies, equipment and classroom furniture; improve access to technology; provide capital improvement; maintain duplicating equipment & supplies; support the Hancock County WVU Extension service; legal & medical services; fund homebound, occupational therapy, physical therapy, and psychological services to Hancock County Schools and parochial students; hearing & vision impaired services; provide services within the autism spectrum; provide security improvements; maintain and replace roofs and HVAC on Board owned facilities; and to provide toward employee salaries/benefits/fixed charges.

A total of \$6,314,673.63 was received by the Board from the excess levy during the fiscal year ended June 30, 2009.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Note 7 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, non-depreciable:				
Land	\$1,710,516	-		\$1,710,516
Construction in progress	-	1,327,435	-	1,327,435
Total non-depreciable capital assets	1,710,516	1,327,435	-	3,037,951
Capital assets, depreciable:				
Long-term site improvements	1,324,011	-	-	1,324,011
Buildings and improvements	33,111,507	-	-	33,111,507
Furniture and equipment	9,809,762	107,802	-	9,917,564
Vehicles	4,017,919	259,830	-	4,277,749
Total depreciable capital assets	48,263,199	367,632	-	48,630,831
Less accumulated depreciation for:				
Long-term site improvements	(1,276,749)	(19,974)	-	(1,296,723)
Buildings and improvements	(13,406,775)	(634,470)	-	(14,041,245)
Furniture and equipment	(9,254,565)	(139,248)	-	(9,393,813)
Vehicles	(2,510,068)	(246,680)	-	(2,756,748)
Total accumulated depreciation	(26,448,157)	(1,040,372)	-	(27,488,529)
Total depreciable capital assets, net	21,815,042	(672,740)	-	21,142,302
Total capital assets, net	\$23,525,558	\$ 654,695	\$ -	\$ 24,180,253

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Depreciation expense was charged to functions/programs of the governmental activities as follows:

Instruction	\$ 783,428
Supporting Services:	
Operation/ maintenance of facilities	33,067
Transportation	204,604
Food services	<u>18,737</u>
 Total Depreciation expense - governmental activities	 <u>\$ 1,039,836</u>

Construction in Progress

The government has active construction projects as of June 30, 2009. At year end the projects and amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent to Date</u>
HVAC upgrade at Weir High School Complex	State and Local	\$ 212,528
Athletic Complex upgrade at Oak Glen High School	State	829,613
School Building Authority school access safety upgrades	State and Local	<u>285,294</u>
		<u>\$1,327,435</u>

Note 8 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2009 is as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Amounts due within one year	Amounts due past one year
Compensated absences	\$ 248,688	\$ 44,030	\$ --	\$ 292,718	\$ --	\$292,718
Capital leases payable	<u>296,501</u>	<u>68,641</u>	<u>167,381</u>	<u>197,761</u>	<u>110,923</u>	<u>86,838</u>
 Total Long-term liabilities	 <u>\$ 545,189</u>	 <u>\$ 112,671</u>	 <u>\$ 167,381</u>	 <u>\$ 490,479</u>	 <u>\$ 110,923</u>	 <u>\$ 379,556</u>

Note 9 - Leases:

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. The Hancock County Board of Education had no operating lease expenditures for the fiscal year ended June 30, 2009.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment has been installed in Oak Glen Middle School. The equipment is leased from Sun Trust Leasing, Inc. for a period of seven years beginning April 1, 2004. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available. The future minimum lease obligations as of June 30, 2009 are as follows.

<u>Year</u>		
2010	\$	85,764
2011		64,323
Less: Amount representing interest		<u>(4,891)</u>
Present value of minimum lease payments	\$	<u>145,196</u>

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby copier equipment has been installed in Broadview, two (2) at Weir Middle and Weir High. The equipment is leased from Wesbanco for a period of three years beginning August 13, 2008. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available. The future minimum lease obligations as of June 30, 2009, are as follows.

<u>Year</u>		
2010	\$	25,159
2011		25,159
2012		4,193
Less: Amount representing interest		<u>(2,580)</u>
Present value of minimum lease payments	\$	<u>51,931</u>

Note 10 - 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, 2009, the Board's total payroll for all employees was \$25,496,131 and the payroll was \$24,365,219 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

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

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 revenue or 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.

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 2008 Actuarial Valuation Report of the Teachers' Retirement System, the plan's actuarial unfunded liability was \$ 4.1 billion as of July 1, 2008.

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.

HANCOCK COUNTY BOARD OF EDUCATION
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The employers' contributions are derived from State appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

The required contributions for the year ended June 30, 2009 and the two previous years were:

<u>Year ended June 30</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Required contributions	\$ 327,068,000	\$345,412,000	\$404,547,000
As a % of current year covered payroll	23.50 %	23.30 %	25.89%

Total payments reflected in the Board's financial statements to the defined benefit plan for the fiscal year ended June 30, 2009 were:

Employees' contributions (6%)	\$	1,332,150
Employer's contributions (15% or 7.5%)		<u>2,477,394</u>
Total contributions	\$	<u>3,809,544</u>

Teachers' Defined Contribution Retirement System:

Plan Description: All Board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the fiscal year ending June 30, 2009. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at the beginning of each calendar quarter. Seven investment options are provided from which a participant may choose in multiples of five percent. The investment options are: Vanguard Money Market Fund, Bond Fund of America, Franklin Income Fund, Fidelity Growth Opportunities, Washington Mutual Investors, Federated Max-Cap, and Valic Individually Allocated Fixed Annuity.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2008, this plan had approximately \$946.7 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 Milliman & Robertson, an independent third party administrator.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

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 the fiscal year ended June 30, 2009 were:

Employees' contributions (4.5%)	\$	97,327
Employer's contributions (7.5%)		<u>162,211</u>
Total contributions	\$	<u>259,538</u>

The Consolidated Public Employees Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave. S.E., Charleston, WV 25304-1636.

Note 11. Post-Employment Benefits Other Than Pension:

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 in 2004 to establish standards for the measurement, recognition, and reporting of Other Post Employment Benefits (OPEB) expenses/expenditures and related liabilities.

Other post employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001 to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits; vested the responsibility for operation of the fund with the PEIA Board of Finance; required the Board of Finance to adopt actuarial assumptions and determine the annual required contribution (ARC) rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits; required the board to have an actuarial valuation conducted at least biannually; required the Board of Finance to set the total ARC sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles; required the Board of Finance to bill all participating employers their share of the ARC, and; required participating employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

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 Teacher's Retirement System and not included as an OPEB obligation.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

Based on the latest actuarial evaluation of the RHBT, the annual required contribution (ARC) for the State and the boards of education for the fiscal year ended June 30, 2009 was determined to be:

	<u>Total</u>	<u>Amount per Policy Holder</u>
Total Annual Required Contribution	\$ 338,166,000	\$ 4,659
Pay as you go – Retiree Subsidy	(143,448,760)	(1,976)
Appropriation:		
Excess Lottery Funds	(46,600,000)	(744)
State General Revenue Transfer	(30,730,000)	(491)
State Debt Reduction Fund (Table Games)	(13,800,000)	(220)
Remaining Annual Required Contribution	103,587,240	1,228

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

The following summarizes the Board's OPEB activity:

Total OPEB expense	\$ 431,144
Less:	
State appropriation allocation	
Pay as you go payments and other credits	
OPEB at year end	\$ <u>431,144</u>
Portion attributable to personnel funded through the Public School Support Program (PSSP)	431,144
Portion attributable to remaining personnel	0

It is the opinion of the Board that the State is constitutionally required to appropriate sufficient funds to cover the cost of the ARC for personnel funded through the Public School Support Program (PSSP); however, no additional funds have been appropriated for this purpose as of the date of this report. Furthermore, the Board has elected, pursuant to the provisions of WVC § 5-16D-6, not to remit to the RHBT any amount in excess of the minimum annual required premium payment.

Note 12. Payments on Behalf :

The Board may receive commitments or payments made by the State or an intermediate governmental jurisdiction for the benefit of the Board or contributions of equipment or supplies. Such revenue includes the payment to a pension fund by the State or an intermediate unit on behalf of the Board's employees for services rendered to the Board. The revenues recorded as Payments on Behalf of the Board are as follows:

Retirement allocation by the State (03911)	\$2,127,431
--------------------------------------------	-------------

Note 13 - 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.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Note 14 - Restatement of Beginning Fund Balance:

The fund balance at the beginning of the year of the following fund required restatement:

	<u>General Current Expense Fund</u>
Fund Balance at June 30, 2008, as previously stated	\$ 806,834
Adjustment for OPEB	(262,389)
Adjustment for Capital Leases	<u>141,749</u>
Fund Balance at June 30, 2008, Restated	\$ <u>686,194</u>

Note 15 - Commitments, Contingencies and Subsequent Events:

During the fiscal year ended June 30, 2009, the Board began pursuing legal action against the State of West Virginia to seek legislative funding through the Public School Support Program to offset the costs of providing other postemployment benefits to employees otherwise funding through the Program. If successful, the Board would receive funding sufficient to satisfy the current liability entitled "other postemployment benefits payable – state aid eligible employees" on the accompanying financial statement and to pay any future amounts billed by PEIA for state aid eligible employees.

Note 16 - Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Current Expense	Special Revenue Fund	<u>\$564,174</u>

Interfund Transfers:

<u>Transferred to:</u>	<u>Transferred from:</u>	<u>Amount</u>
General Current Expense	Special Revenue	\$ 34,383
Special Revenue	General Current Expense	659,754
Capital Projects	General Current Expense	10,414

During the year ended June 30, 2009, the Special Revenue Fund transferred \$34,383 to the General Current Expense Fund for indirect costs; General Current Expense Fund transferred \$659,754 to the Special Revenue Fund for food service and academic field trip program; the General Current Expense Fund transferred \$10,414 to the Capital Projects Fund to eliminate a deficit balance.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2009

Note 17 - 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

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Adjustments	Variance With
	Original	Final	Amounts	Budget Basis	Final Budget Favorable (Unfavorable)
Revenues:					
Property taxes	\$ 11,900,334	\$ 11,965,334	\$ 12,186,852	\$ -	\$ 221,518
Other Local sources	293,500	313,224	311,328	-	(1,896)
State sources	22,265,218	22,265,218	23,264,429	(921,871)	77,340
Federal sources	305,000	805,000	975,674	-	170,674
Miscellaneous sources	-	-	-	-	-
Total revenues	34,764,052	35,348,776	36,738,283	(921,871)	467,637
Expenditures:					
Instruction	20,548,918	21,339,226	22,061,001	(731,845)	10,070
Supporting services:					-
Students	1,072,875	1,072,875	1,069,431	(30,638)	34,082
Instructional staff	334,035	359,183	378,433	(22,435)	3,185
Central administration	1,658,616	1,883,616	1,863,349	(43,425)	63,692
School administration	2,431,632	2,432,504	2,457,714	(77,542)	52,332
Business	799,099	799,099	813,930	(21,159)	6,328
Operation and maintenance of facilities	4,479,954	4,330,253	4,083,973	(69,592)	315,872
Student transportation	3,139,094	3,067,339	3,002,982	(65,201)	129,558
Food services	-	3,000	31,178	(28,789)	611
Community services	33,010	33,010	33,010	-	-
Capital outlay	-	415,000	-	-	415,000
Total expenditures	34,497,233	35,735,105	35,795,001	(1,090,626)	1,030,730
Excess (deficiency) of revenues over expenditures	266,819	(386,329)	943,282	168,755	1,498,367
Other financing sources (uses):					
Transfers in	97,500	97,500	34,383	-	(63,117)
Transfers (out)	(659,754)	(659,754)	(670,168)	-	(10,414)
Total other financing sources (uses)	(562,254)	(562,254)	(635,785)	-	(73,531)
Net change in fund balance	(295,435)	(948,583)	307,497	168,755	1,424,835
Fund balances - beginning, as restated (Note 14)	295,435	948,583	686,194	262,389	-
Fund balances - ending	\$ -	\$ -	\$ 993,691	\$ 431,144	\$ 1,424,835

The notes to the required supplementary information is an integral part of this schedule.

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
Revenues:				
Local sources	\$ 406,247	\$ 670,037	\$ 510,214	\$ (159,823)
State sources	1,192,856	1,716,025	1,464,291	(251,734)
Federal sources	2,867,468	3,322,676	2,962,829	(359,847)
Total revenues	4,466,571	5,708,738	4,937,334	(771,404)
Expenditures:				
Instruction	14,960	2,791,752	2,398,963	392,789
Supporting services:				
Students	-	80,882	62,194	18,688
Instructional staff	-	788,030	520,791	267,239
Central administration	-	121,042	102,686	18,356
School administration	-	4,459	3,158	1,301
Business	-	162,021	114,152	47,869
Operation and maintenance of facilities	-	12,282	11,504	778
Student transportation	250,920	278,802	244,211	34,591
Food services	1,773,770	1,794,702	1,699,516	95,186
Community services	-	66,000	61,222	4,778
Capital outlay	-	1,148,046	1,114,906	33,140
Total expenditures	2,039,650	7,248,018	6,333,303	914,715
Excess (deficiency) of revenues over expenditures	2,426,921	(1,539,280)	(1,395,969)	143,311
Other financing sources (uses):				
Transfers in	659,754	659,754	659,754	-
Transfers (out)	(3,116,675)	(131,285)	(34,383)	96,902
Total other financing sources (uses)	(2,456,921)	528,469	625,371	96,902
Net change in fund balance	(30,000)	(1,010,811)	(770,598)	240,213
Fund balances - beginning	30,000	1,010,811	25,463	(985,348)
Fund balances - ending	\$ -	\$ -	\$ (745,135)	\$ (745,135)

The notes to the required supplementary information is an integral part of this schedule.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2009

A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the modified accrual basis of accounting for all governmental funds but do not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC §5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statutes, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.
2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

B. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund had a deficiency in net changes in fund balances for the year ended June 30, 2009:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund	\$ (770,598)

The following fund had a deficiency in fund balance for the year ended June 30, 2009:

<u>Fund</u>	
Special Revenue Fund	\$ (745,135)

The Special Revenue Fund had a \$(2,847) deficiency in net change due to some projects incurring expenses and offsetting revenues not being credited until after the end of the fiscal year. The remaining \$(767,751) was due to deferred revenue not received within 60 days.

SUPPLEMENTARY INFORMATION

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Modified	Final Budget
			Accrual Basis	Favorable
				(Unfavorable)
Revenues:				
State sources	\$ -	\$ 375,000	\$ 202,114	\$ (172,886)
Total revenues	-	375,000	202,114	(172,886)
Expenditures:				
Capital outlay	-	375,000	212,528	162,472
Total expenditures	-	375,000	212,528	162,472
Excess (deficiency) of revenues over expenditures	-	-	(10,414)	(10,414)
Other financing sources (uses):				
Transfers in			10,414	10,414
Total other financing sources (uses)	-	-	10,414	10,414
Net change in fund balance	-	-	-	-
Fund balance - beginning			-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2009

	Cash Balance 7/1/2008	Revenues Received	Expenditures Paid	Cash Balance 6/30/2009
High Schools:				
Oak Glen High	\$ 61,654	\$ 239,001	\$ 274,387	\$ 26,268
Weir High	176,958	228,522	241,977	163,503
JD Rockefeller Career Center	336,001	223,617	188,376	371,242
Total high schools	<u>574,613</u>	<u>691,140</u>	<u>704,740</u>	<u>561,013</u>
Middle and Junior High Schools:				
Oak Glen Middle	50,678	80,217	85,955	44,940
Weir Middle	61,628	82,532	78,917	65,243
Total middle and junior high schools	<u>112,306</u>	<u>162,749</u>	<u>164,872</u>	<u>110,183</u>
Elementary Schools:				
Allison	66,136	69,014	60,579	74,571
Broadview	10,650	13,119	12,742	11,027
Liberty	17,948	38,413	34,048	22,313
New Manchester	19,890	32,313	33,595	18,608
Weirton Heights	16,520	30,931	33,474	13,977
Total elementary schools	<u>131,144</u>	<u>183,790</u>	<u>174,438</u>	<u>140,496</u>
Total	<u>\$ 818,063</u>	<u>\$ 1,037,679</u>	<u>\$ 1,044,050</u>	<u>\$ 811,692</u>

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2009

A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the modified accrual basis of accounting for all governmental funds, but do not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC §5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

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2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

B. Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

The following fund has a deficit undesignated fund balance at June 30, 2009:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ (104,706)

Purchase orders were approved for funds expected to be received. Funds have not been received and/or expended.

SINGLE AUDIT REPORTING PACKAGE

HANCOCK COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2009

Single Audit Reporting Package

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State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
Charleston, West Virginia 25305

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

Honorable Members of the Board
Hancock County Board Of Education
New Cumberland , West Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hancock County Board of Education, as of and for the year ended June 30, 2009, which collectively comprise the Hancock County Board of Education's basic financial statements and have issued our report thereon dated May 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hancock County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hancock County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hancock County Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Hancock County Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the Hancock County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Hancock County Board of Education's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Hancock County Board of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

This report is intended solely for the information and use of management, the Board, others within the entity, the West Virginia Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer, III". The signature is stylized with a large initial "G" and a long, sweeping underline.

Glen B. Gainer, III
West Virginia State Auditor

May 12, 2010



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Members of the
Hancock County Board Of Education
New Cumberland , West Virginia

Compliance

We have audited the compliance of the Hancock County Board of Education with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The Hancock County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hancock County Board of Education's management. Our responsibility is to express an opinion on Hancock County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hancock County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hancock County Board of Education's compliance with those requirements.

In our opinion, the Hancock County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Hancock County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hancock County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Hancock County Board of Education's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board, others within the entity, the West Virginia Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer, III", with a stylized flourish at the end.

Glen B. Gainer, III
West Virginia State Auditor

May 12, 2010

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Agriculture			
Pass-through West Virginia Department of Education			
<u>Child Nutrition - Cluster :</u>			
<u>Non-Cash Assistance (Commodities):</u>			
National School Lunch Program	88	10.555	\$ <u>63,681</u>
Total non-cash assistance			<u>63,681</u>
<u>Cash Assistance:</u>			
School Breakfast Program	88	10.553/	
National School Lunch Program		10.555	<u>757,937</u>
Total cash assistance			<u>757,937</u>
Subtotal, pass-through West Virginia Department of Education			<u>821,618</u>
Total U. S. Department of Agriculture			\$ <u>821,618</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Entity ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U. S. Department of Education			
Pass-through West Virginia Department of Education			
Adult Education - Basic			
Grants to States	61	84.002	\$ 23,039
Title I Grants to Local Educational Agencies	41	84.010	710,077
<i><u>Special Education Cluster:</u></i>			
Special Education -			
Grants to States (IDEA, Part B)	43	84.027	1,117,667
Preschool Grants (IDEA Preschool)	43	84.173	13,460
Career and Technical Education - Basic			
Grants to States	50	84.048	65,568
Safe and Drug-Free Schools and Communities - State Grants	48	84.186	23,617
State Grants for Innovative Programs	42	84.298	41,656
Special Education - State Personnel Development	43	84.323	9,165
English Language Acquisition Grant	45	84.365	800
Improving Teacher Quality State Grants	40	84.367	<u>281,710</u>
Total Pass-through West Virginia Department of Education			<u>2,286,759</u>
Total U. S. Department of Education			<u>2,286,759</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u>3,108,377</u>

N.A. = Not Available

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

HANCOCK COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the board and is presented on a basis of accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the financial statements.

Note 2. Child Nutrition Program

Child Nutrition Program [CFDA #10.553 and #10.555] expenditures of federal awards are based on the amount of federal funding received for each of the programs. Since the amount of total expenditures for the programs exceeds the amount of the federal awards received, it is presumed that the total received from the federal awards has been expended. The amount of expenditures funded by meal sales, sponsor's contributions and state matching funds for both programs has not been included in the Schedule of Expenditures of Federal Awards. The total combined expenditures for the two programs as funded from all sources was \$1,722,146.

Note 3. Donated Food Value

Donated food distribution represents surplus agricultural commodities received from the U.S. Department of Agriculture passed through from the West Virginia Department of Agriculture. Commodities are valued based on amounts as established by the U.S. Department of Agriculture. For the year ended June 30, 2009 total value of the donated food inventories was \$63,681, which is included in the Child Nutrition cluster of programs.

HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unqualified

Internal control over financial reporting :

- Material weaknesses identified ? No
- Significant deficiencies identified that are not considered to be material weaknesses ? No

Noncompliance material to financial statements noted ? No

Federal Awards

Internal control over major programs :

- Material weaknesses identified ? No
- Significant deficiencies identified that are not considered to be material weaknesses ? No

Type of auditor's report issued on compliance for major programs : Unqualified

Any audit findings disclosed that are required to be reported in accordance with section §__510(a) of OMB Circular A-133 ? No

Identification of major programs :

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Title I Grants to Local Educational Agencies	84.010

Special Education Cluster:

Special Education - Grants to States (IDEA, Part B)	84.027
Preschool Grants (IDEA Preschool)	84.173

Dollar threshold used to distinguish between type A and type B program : \$300,000

Auditee qualified as low-risk auditee ? No

**HANCOCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009**

Section II - Financial Statement Findings

NO MATTERS WERE REPORTED

Section III - Federal Award Findings and Questioned Costs

NO MATTERS WERE REPORTED

**HANCOCK COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2009**

Status of Prior Year Financial Statement Findings

Finding #08-01

Finding Title: Expenditures

Finding was corrected

Finding #08-02

Finding Title: Failure to Execute Proper Contracts

Finding was corrected.

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**ECONOMIC AND DEMOGRAPHIC DATA
COUNTY OF HANCOCK (WEST VIRGINIA)**

Introduction

- Location:** Hancock County (the “County”) is located in the northern panhandle of West Virginia. The City of New Cumberland is located 153 miles from Charleston, the capital of West Virginia; 29 miles from Pittsburgh, PA.; 215 miles from Washington, DC; 133 miles from Columbus, OH and 99 miles from Cleveland, OH.
- County Seat:** City of New Cumberland
- The County:** The County is governed by, and generally acts through, The County Commission of Hancock County. The Commissioners of the County Commission are elected on a countywide basis. The County has the power, pursuant to Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended, to create and establish the Commission.
- Commissioners:** Michael Swartzmiller, President
 Danny Greathouse, Commissioner
 Jeff Davis, Commissioner

Population

Year	Hancock County	West Virginia	United States
2000	32,525	1,806,962	282,171,957
2005	30,865	1,803,920	295,753,151
2009	29,729	1,819,777	307,006,550

Source: U.S. Bureau of Economic Analysis

Economy (March 2010)

The ten (10) largest employers for the year 2010 in the County are:

- 1 Mountaineer Park, Inc.
- 2 The Homer Laughlin China Company
- 3 Arcelormittal Weirton, Inc.
- 4 Hancock County Board of Education
- 5 Bellofram Corporation
- 6 Wal-Mart Stores, Inc.
- 7 Weirton Geriatric Center, Inc.
- 8 The Kroger Company
- 9 Ergon-West Virginia, Inc.
- 10 City of Weirton

Source: WORKFORCE West Virginia

Average Annual Unemployment Rates (%)

Year	Hancock County	West Virginia
2005	7.1	4.9
2006	7.0	4.5
2007	5.3	4.2
2008	5.7	4.3
2009	11.5	7.9
2010 (Sept)	12.7	8.6

Source: WORKFORCE West Virginia – Based on civilian labor force

Average Employment by Industry

Industry	2007	2008	2009	2010 (2 nd Quarter)
Natural Resources & Mining	---	---	---	12
Construction	238	191	142	146
Manufacturing	3,163	2,869	2,830	2,796
Trade, Transportation & Utilities	1,896	1,882	1,889	1,951
Information	50	47	40	38
Financial Activities	401	401	395	386
Professional & Business Services	494	443	443	428
Education & Health Services	1,040	1,051	1,047	1,095
Leisure and Hospitality	2,673	3,184	2,732	2,672
Other Services	279	281	283	284
Government	<u>1,350</u>	<u>1,374</u>	<u>1,369</u>	<u>1,447</u>
TOTAL	11,631	11,766	11,194	11,263

Source: WORKFORCE West Virginia

Average Employment and Average Weekly Wage

	Average Employment		Average Weekly Wage	
	2005	2009	2005	2009
Hancock County	12,603	11,194	\$553.69	\$597.08
West Virginia	695,300	691,921	\$602.77	\$709.52

Source: WORKFORCE West Virginia

Per Capita Personal Income

County	2005	2008	2008 Rank in State
United States	\$ 35,424	\$ 40,166	---
West Virginia	\$ 26,686	\$ 31,634	---
Hancock County	\$26,315	\$31,243	13

Source: U.S. Bureau of Economic Analysis

Wages Per Industry (2009) (\$)

Industry	Total Wages	Average Weekly Wage
Natural Resources & Mining	---	---
Construction	3,999,813	541.69
Manufacturing	130,101,702	884.08
Trade, Transportation & Utilities	45,431,158	462.50
Information	1,454,804	699.42
Financial Activities	12,513,683	609.23
Professional & Business Services	17,893,973	776.79
Education & Health Services	25,932,141	476.31
Leisure and Hospitality	58,310,301	410.44
Other Services	4,610,205	313.27
Government	<u>46,415,943</u>	<u>652.02</u>
TOTAL	347,552,432	597.08

Source: WORKFORCE West Virginia

Total Wages (\$)

Year	Hancock County	West Virginia
2005	362,862,033	21,793,516,080
2006	350,856,111	23,079,570,075
2007	346,068,807	24,083,126,318
2008	370,864,577	25,534,204,980
2009	347,552,432	25,528,702,813

Source: WORKFORCE West Virginia

Community Data

Education Facilities	
Elementary	5
Middle or Jr. High	2
High Schools	2
Vocational Schools	1
Colleges (within 50 miles):	
Bethany College	
West Liberty University	
Wheeling Jesuit University	

Recreational Facilities	
State Forests	0
State Parks	1
Wildlife Management Areas	1
Public Hiking Trails (miles)	3.4
Public Fishing & Boating Lakes	0
Recreational Rivers (boating/rafting)	1
Museums/Art Galleries	1
Golf Courses – Private/Public	2/2
National Forests	0
National Park & Recreational Areas	0
Amphitheaters/Performing Arts Centers	1
Pro/Semi-pro Sports Teams	0
Regional Shopping Centers/Malls/ outlets within 25 miles	2
Major Private Recreation/Resort Areas	1
Civic/Convention Centers	0
Medical	
Hospitals	0
Beds	0
Doctors	54
Dentists	18
Licensed Nursing Homes	3
Beds	230

Transportation	
Highways:	
Interstates	---
WV Routes	30
US Routes	2, 8, 105
Motor freight carriers	5
River, nearest navigable	1
Industrial Parks	0
Industrial Sites	0
Airports:	
Herron Airport, New Cumberland, WV	
Pittsburgh International Airport, PA	
Railroads:	1
Motor Freight Carriers	5
Bus Service (local and interstate)	2

Utilities	
Telephone Service:	1
Natural Gas:	1
	Private/Municipal/PSD
Electricity:	1 / 0 / --
Sewer:	1 / 2 / 1
Water	0 / 1 / 3
Other Data	
Licensed Day Care Centers	6
Banks (including branches)	9
Savings & Loans (including branches)	2
Libraries	3

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis, except as otherwise noted.

101 South Queen Street
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(304) 263-0836

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Morgantown, West Virginia 26505
(304) 285-2500

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1639
(859) 252-2202



600 Quarrier Street
Charleston, West Virginia 25301

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Charleston, West Virginia 25325-1386
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APPENDIX C

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

March ___, 2011

The Board of Education of the County of Hancock
New Cumberland, West Virginia

Re: \$37,000,000 The Board of Education of Hancock County
[West Virginia] Public School Bonds, Series 2011

Dear Ladies and Gentlemen:

We have examined a record of the proceedings relative to the issuance and sale of \$37,000,000 Public School Bonds, Series 2011 (the "Bonds"), of Hancock County School District, by and through The Board of Education of the County of Hancock (the "Issuer") in the State of West Virginia. The Bonds are issued in fully registered form, are dated March ___, 2011, 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 the years and amounts and bear interest payable each May 1 and November 1, commencing November 1, 2011, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	595,000		2025	1,480,000	
2013	865,000		2026	1,545,000	
2014	900,000		2027	1,620,000	
2015	945,000		2028	1,695,000	
2016	985,000		2029	1,770,000	
2017	1,030,000		2030	1,850,000	
2018	1,080,000		2031	1,935,000	
2019	1,130,000		2032	2,025,000	
2020	1,180,000		2033	2,120,000	
2021	1,235,000		2034	2,215,000	
2022	1,290,000		2035	2,320,000	
2023	1,350,000		2036	2,425,000	
2024	1,415,000				

The Board of Education of the County of Hancock
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The Bonds were authorized at the general election held in the Hancock County School District on November 2, 2010, and by a Resolution and Order adopted by the Issuer on July 12, 2010, as supplemented (such Resolution and Order, as supplemented, herein called the "Resolution"), and are issued pursuant to Chapter 13, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of providing funds for the acquisition, construction, renovation, repair and equipping of certain public school buildings, together with the sites thereof and all necessary appurtenances, in the Hancock County School District, and paying costs of issuance of the Bonds.

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

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

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

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

2. The Bonds have been duly authorized and validly issued by the Issuer in accordance with the Constitution and statutes of the State of West Virginia and constitute valid and legally binding general obligations of the Issuer, and unless the Bonds are paid from other sources, the Issuer has power and is obligated to levy ad valorem taxes upon all the taxable property within the Hancock County School District to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the bonds is not includable in gross income of the owners thereof for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed upon individuals and corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply, on a continuing basis, with all representatives, covenants and certifications set forth

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

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

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

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

Very truly yours,

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HANCOCK COUNTY BOARD OF EDUCATION PROPOSED PROJECTS

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>
A.T. Allison Elementary Construct Physical Education and 3 Pre-K Classrooms. Renovations including without limitation: Site Drainage, Landscaping, Bollards, PlayYards, Paving & Parking, Windows, Exterior Doors, Joint Sealing, Downspouts, Ceilings, Flooring, HVAC, Lights, Security Cameras, Restrooms, Electrical, Data Wiring, Fire Sprinklering and Asbestos Abatement.	Existing A.T. Allison Elementary School Chester, West Virginia	Bond Funds \$5,269,112
New Manchester Elementary Construct Physical Education and 3 Pre-K Classrooms. Renovations including without limitation: Site Drainage, Landscaping, Bollards, PlayYards, Paving & Parking, Roofing, Windows & Curtain Wall, Exterior Doors, Joint Sealing, Downspouts, Ceilings, Flooring, Elevator, HVAC, Lights, Security Cameras, Restrooms, Electrical, Lighting, Data Wiring, Fire Sprinklering and Asbestos Abatement.	Existing New Manchester Elementary School New Cumberland, West Virginia	Bond Funds \$6,189,232
Oak Glen Middle School Construct Wrestling Building.	Existing Oak Glen Middle School New Cumberland, West Virginia	Bond Funds \$784,675
Oak Glen High School Renovations including without limitation: Science Department and Restrooms. Complete the Field of Dreams, including paved & lighted parking lots, paved & lighted access drives, lighted stairs to OGHS, concession stand, restrooms and maintenance building; in addition to baseball/softball field bleachers, press boxes, PA systems and scoreboards. New Football/Soccer Stadium including Artificial Turf Field, Bleacher Seating for 3,000, Restrooms, Game Locker Rooms, Concessions, Pressbox, Field Lighting, Scoreboard, PA/Sound System, Repair/Resurfacing of Existing 8-lane Track, Field Fencing and additional campus parking for games.	Existing Oak Glen High School New Cumberland, West Virginia	Bond Funds \$7,768,437
Weir Middle School Renovations including without limitation: Restrooms, Disabled Access Behind MS Auditorium, and MS Auditorium Seating Replacement.	Existing Weir Middle School Weirton, West Virginia	Bond Funds \$669,669
Weir High School Renovations including without limitation: Exterior Concrete Stairs & Walks, Science Department, Restrooms and HS Auditorium Seating Replacement. New Football/Soccer Stadium including Artificial Turf Field, Bleacher Seating for 3,000, Restrooms, Game Locker Rooms, Concessions, Pressbox, Upgrading of Existing Field Lighting, Scoreboard, PA/Sound System, Repair/Resurfacing of Existing 8-lane Track, Field Fencing and additional campus parking for games.	Existing Weir High School Weirton, West Virginia	Bond Funds \$7,330,193
John D. Rockefeller, IV Career Center Renovations including without limitation: Heating, Ventilating and Air Conditioning.	Existing John D. Rockefeller, IV Career Center New Cumberland, West Virginia	Bond Funds \$1,358,900

<u>PROJECT</u>	<u>LOCATION</u>	<u>ESTIMATED COST</u>	
New Weirton Elementary School			
Acquisition of land, construction and equipping of New 950-Student PreK-4 Elementary School (includes demolition of Broadview, Liberty & Weirton Heights existing elementary schools).	New Weirton Elementary School To be located in the 3400 block of Pennsylvania Avenue in Weirton, West Virginia	SBA Grant	\$19,000,000
		Bond Funds	<u>7,629,782</u>
		Total	\$26,629,782
TOTAL PROPOSED BOND CALL:		Project Costs:	\$56,000,000
		Third Party Funds:	<u>\$ 19,000,000</u>
		Total Proposed	
		Bond Call	<u>\$37,000,000</u>

BOOK-ENTRY ONLY SYSTEM

DTC Supplied Disclosure of Book Entry Only System

The following information about the book-entry-only system applicable to the Series 2011 Bonds has been supplied by The Depository Trust Company (“DTC”), New York, New York. Neither the Board, nor the Registrar nor the Paying Agent makes any representations, warranties or guarantees with respect to its accuracy or completeness.

1. DTC will act as securities depository for the Series 2011 Bonds. 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 Bond certificate will be issued for each maturity of the Series 2011 Bonds, in the aggregate principal amount of the Series 2011 Bonds 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 2 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 whollyowned 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, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, 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 and www.dtc.org.
3. Purchases of Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission 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 Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and interest payments on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Paying Agent, on the 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 Series 2011 Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying 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 securities depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the Board or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.
10. The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.
11. The information in this exhibit concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

No Assurances Regarding DTC Practices

The Board, the Paying Agent and the Registrar cannot and do not give any assurances that the DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2011 Bonds (1) payments of principal of or interest and premium, if any on the Series 2011 Bonds, (2) confirmations of beneficial interest in the Series 2011 Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Series 2011 Bonds, or that they will do so on a timely basis, or that DTC, DTC participants or Indirect Participants will serve and act in the same manner as described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of the DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Board, the Paying Agent nor the Registrar shall have any authority or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or other person with respect to (1) the accuracy of any records maintained by the DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price or interest on the Series 2011 Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Series 2011 Bonds Resolution to be given to the Bondholders; or (4) the selection of the Beneficial Owners to receive payment in excess of any partial redemption of the Series 2011 Bonds.

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ELECTED OFFICIALS OF THE BOARD**PRESIDENT OF THE BOARD**

Gerald (Jerry) L. Durante is a lifelong resident of the state of West Virginia. Upon graduation from high school, he attended Franciscan University from 1961 thru 1965 where he graduated with majors in education and political science. Following graduation from Franciscan University, Mr. Durante was enrolled at West Virginia University where he completed graduate studies in school administration. Hancock County Schools employed Mr. Durante as a Teacher from 1965 thru 1972 until he accepted a position with Weirton Steel Company. He retired as Manager of Security at Weirton Steel and accepted a position as Transportation Director for Hancock County Schools. He retired from that position in 2007. Mr. Durante first served as a member of the Hancock County Board of Education from 1975 thru 1986 and served as its President for eight (8) consecutive years. In 2007, he, again, joined the Hancock County Board of Education filling an unexpired term until 2008. In 2008, he was re-elected to the Board where he currently serves as its President.

BOARD MEMBERS

Patsy T. Brancazio is retired from Weirton Steel Company after 24 years. Since his retirement, he has worked in managerial positions in several businesses including a Retirement Corporation, Huntleigh USA, and Firestone Tire and Rubber Company. He is currently employed part-time at Greco-Hertnick Funeral Home in Weirton, West Virginia. Mr. Brancazio has completed coursework at both West Virginia Northern Community College and the College of Steubenville. He also has attended numerous educational trainings in West Virginia and throughout the United States. Service on the Hancock County Board of Education for Mr. Brancazio first began in 1980 and extended three four-year terms until 1992. This period of service included serving as the Board's President from 1984 thru 1988. Mr. Brancazio was again elected to the Board of Education in 2008, and this term will expire June 30, 2012. He currently has 14 years of service. County service for Mr. Brancazio extends beyond the Hancock County Board of Education. He is an active participant on the Advisory Board for the Regional Educational Service Agency for the northern panhandle of West Virginia. He also participates as a bell ringer for the Salvation Army and is a supporting member of the Friends of West Virginia Northern Community College.

Laura J. Greathouse graduated with a bachelor's degree in elementary education in 1986 from the University of Steubenville, Steubenville, Ohio. Following the awarding of her bachelor's degree, Ms. Greathouse completed a master's degree specializing in special education. Teaching and working with youth through community activities, Ms. Greathouse has made children her life. She began working as a teaching aide in Hancock County Schools in 1970. While working as a teaching aide, she pursued her teaching credentials. In 1986, she started substitute teaching and continued until her full-time teaching career began in 1990. She retired from teaching in 2005 but has remained very involved with an extensive list of community and civic projects such as Energy Express, West Virginia University Extension Board, Read Aloud, and many church-related organizations. She still lectures at local colleges and universities in effective child discipline and understanding special needs children. Ms. Greathouse completed her first term of the Board of Education and was re-elected to serve a four-year term from July 1, 2010, thru June 30, 2014.

Toni M. Hinerman graduated from West Liberty State College, West Liberty, West Virginia, in 1965 with a bachelor's degree in elementary education. She furthered her education at the University of Dayton on the College of Steubenville campus where she completed a master's degree in counselor education and human services. She completed several graduate hours in education beyond her master's. Education is Mrs. Hinerman's passion. She served a total of 24 years as an elementary teacher in Hancock County Schools. While employed as a teacher, she sponsored numerous extra-curricular activities. She also participated in multiple educational seminars and trainings. Mrs. Hinerman was elected to a four-year term to the Hancock County Board of Education which began July 1, 2010, and will extend thru June 30, 2014.

John R. Manypenny, upon graduation from high school in Hancock County, earned an associate degree in business while employed at Weirton Steel Company. He remained at Weirton Steel for 33 years until his retirement in 2002. Following his retirement from Weirton Steel, Mr. Manypenny was employed by the Hancock County Senior Wellness Center where he has provided services for the past eight (8) years. Mr. Manypenny began serving on the Hancock County Board of Education in 1986 and continued until 1996, which included being its President from 1994 thru 1996. He was appointed to a vacancy in 1997 and served until 1998. In 2002, he returned to the Board, and his current term will expire in 2014. Dedicated to the services of youth, Mr. Manypenny has been very active in community activities such as Boy Scouts, where he served as a counselor and leader. He coached both Pony League and Babe Ruth baseball, basketball, and was a member and an officer of various booster clubs. The past 14 years, he has served as a member of the Board of Directors for the Hancock County Sheltered Workshop.

APPOINTED OFFICIALS OF THE BOARD

SUPERINTENDENT

Suzan L. Smith has served Hancock County Schools as its Superintendent since July 1, 2007. She was chosen from a field of candidates by an elected five-member Board of Education. She is responsible for the total operation of the school district and organizing the school system in a manner which provides the best educational opportunities for students in relationship to the resources available for that purpose.

Prior to being appointed to Superintendent for Hancock County Schools, Ms. Smith served as its Assistant Superintendent from 2004 thru 2007. Her duties in this position included directing professional staff development, public relations, federal programs, career education, countywide personnel, countywide testing, and pre-k-adult curriculum.

Ms. Smith also served as the Director of the John D. Rockefeller IV Career Center from 2000 thru 2004. In addition to having full responsibility for running the career center, she also coordinated the high school and middle school curriculum and all adult education programs.

Ms. Smith began her career in Hancock County at Oak Glen High School -- hired as a Teacher from 1972 thru 1975, an Assistant Principal from 1975 thru 1996, and as Principal from 1996 thru 2000. As Principal, she served on the Board of Directors of the West Virginia Secondary Schools' Association, the West Virginia Office of Educational Performance Audits, Evaluation Team, and a three-year term on the National Merit Scholarship Advisory Board.

In addition to Ms. Smith's successful work experiences, she holds a bachelor of arts degree from West Liberty State College with certification as a Teacher in Social Studies, Safety and Driver education, and Physical Education. Her master's degree was earned at West Virginia University in Educational Administration. She has an additional 45 hours above the master's degree in addition to numerous seminars and training completed in West Virginia and throughout the United States.

ASSISTANT SUPERINTENDENT

Wayne E. Neely graduated with a bachelor of science in Health/Physical Education/Driver Education K-12 from Indiana University of Pennsylvania in 1978. In 1985, he was awarded a master of arts in Speech Communications from West Virginia University. He enrolled in and completed a master of science in Educational Administration in 2001. He obtained a professional administrative certificate for Superintendent, Supervisor of General Instruction, and Principal K-12 redentials through Salem International University in 2005. In addition to his degree work, Mr. Neely has attended educational seminars throughout the country.

Starting in 1979, Mr. Neely taught health, physical education, and driver education in Hancock County Schools. He moved from the classroom to become an Assistant Principal in 1999. He was elevated to Principal at Oak Glen High School in 2004. Mr. Neely was chosen as Hancock County's Assistant Superintendent in 2007.

Mr. Neely has an extensive list of professional highlights including coaching a West Virginia State Championship Football Team, being chosen as the Ohio Valley Coach of the Year, serving as a Mentor Principal, presenting at state and national conferences, implementing the first Freshman Academy in Hancock County, the 9th and 10th grade Strategic Reading Program, and numerous innovative curriculum enhancements for the Hancock County Schools.

TREASURER/CHIEF SCHOOL BUSINESS OFFICIAL

Joseph Campinelli, III graduated from West Liberty State College in 1986 with a bachelor's degree in business administration. Upon graduation, he was employed as a Field Auditor for boards of education with the West Virginia Chief Inspector's office. He traveled throughout the state performing financial audits on boards of education.

In 1989, Mr. Campinelli was employed by the Hancock County Board of Education as an accountant. He served in that capacity until 1998 when he was promoted to the position of Coordinator of School Finance. He was appointed by the Board of Education as its Treasurer/Chief School Business Official in 2000.

Mr. Campinelli has been a very active member of the West Virginia Association of School Business Officials, the Southeastern Association of School Business Officials, and the Association of School Business Officials International. He has served in several leadership capacities in these organizations including vice president and president.

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by THE BOARD OF EDUCATION OF THE COUNTY OF HANCOCK (the “Board”), and WesBanco Bank, Inc., Wheeling, West Virginia (the “Dissemination Agent”), in connection with the issuance of \$37,000,000, The Board of Education of the County of Hancock (West Virginia), Public School Bonds, Series 2011 (the “Series 2011 Bonds”);

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

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the Board as of the date set forth below, for the benefit of the holders and owners (the “Bondholders”) of the Series 2011 Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the requirements of the Rule (as defined below). The Board represents that it will be the only obligated person (as defined in the Rule) with respect to the Series 2011 Bonds at the time the Series 2011 Bonds are delivered to the Participating Underwriters and that no other person is expected to become an obligated person at any time after the issuance of the Series 2011 Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited consolidated financial statements of the Board, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the U.S. Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Board and which has filed with the Board a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Series 2011 Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriters*” means each broker, dealer or municipal securities dealer acting as an Underwriter in any primary offering of the Series 2011 Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of West Virginia.

“Undertaking” means the obligations of the Board pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Official Statement. The CUSIP Number of the final maturity of the Series 2011 Bonds is _____. The final Official Statement relating to the Series 2011 Bonds is dated _____ (the “Final Official Statement”).

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, the Board hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I). The Board may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 270 days of the completion of the Board’s fiscal year. However, if the Audited Financial Statements are not available at that time, they will be provided within 10 business days of receipt by the Board.

The Board is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Board will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Material Events Disclosure. Subject to Section 9 of this Agreement, the Board hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2011 Bonds or defeasance of any Series 2011 Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2011 Bonds pursuant to the Indenture. From and after the Effective Date, the Board is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The Board shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB’s e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Board to Provide Information. The Board shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Board to comply with any provision of this Agreement, the Bondholder of any Bond may seek 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 Series 2011 Bonds or any agreement related thereto, 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 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Board may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is 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 or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series 2011 Bonds, as determined either by parties unaffiliated with the Board or by an approving vote of the Bondholders of the Series 2011 Bonds holding a majority of the aggregate principal amount of the Series 2011 Bonds (excluding Series 2011 Bonds held by or on behalf of the Board or its affiliates) pursuant to the terms of the Bond Order at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the Board shall be terminated hereunder when the Board shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2011 Bonds. The Board shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The Board has appointed WesBanco Bank, Inc., Wheeling, West Virginia, as Dissemination Agent in connection with the issuance of the Series 2011 Bonds to assist the Board in carrying out its obligations under this Agreement. The Board may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. 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 Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Board chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Board shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Board, the Dissemination Agent and the Bondholders of the Series 2011 Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Board shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Past Compliance. The Board represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 15. Governing Law. This Agreement shall be governed by the laws of the State.

Dated: _____, 2011.

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

By: _____

Title: President

WESBANCO BANK, INC.

By: _____

Title: _____

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data exclusive of Audited Financial Statements of the type appearing in the Final Official Statement or incorporated by reference in the Final Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Board shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 270 days after the last day of the Board’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available within such 270 days or when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Board.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of the Board, the Board will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE SERIES 2011 BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-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 security, or other material events affecting the tax status of the security
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 securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Board*
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 terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

* This 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.

EXHIBIT III

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: \$37,000,000 Public School Bonds, Series 2011

Date of Bond Issue: _____, 2011

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Financial Information with respect to the above-named Series 2011 Bonds as required by Section 4 of the Continuing Disclosure Agreement dated _____, to be provided. The Board anticipates that the Annual Financial Information will be filed by _____.

Dated: _____

WESBANCO BANK, INC.

By: _____

Title: _____

cc: [Board]

This page left intentionally blank.

OFFICIAL NOTICE OF SALE**\$37,000,000****The Board of Education of the
County of Hancock (West Virginia)
Public School Bonds, Series 2011**

The Board of Education of the County of Hancock (West Virginia) (the "Board") is using PARITY® as a communication mechanism to conduct the electronic bidding for sale of its \$37,000,000 Public School Bonds, Series 2011 (the "Series 2011 Bonds"), as described herein.

Bid Submission

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until **12:00 noon, Eastern Standard Time, on February 24, 2011**. Bids for the Series 2011 Bonds may be submitted electronically via PARITY® pursuant to this Notice until 12:00 noon, Eastern Standard Time, but no bid will be accepted after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at 304.346.1981 or PARITY® at 1359 Broadway, 2nd Floor, New York, NY 10018, telephone 212.849.5021. The bids will be publicly announced, and the Board will act upon the bids by 2:00 p.m., Eastern Standard Time.

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY®. No in person or fax bids will be accepted. Subscription to PARITY® is required in order to submit an electronic bid and the Board will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. No other form of electronic bid or provider of electronic bidding services will be accepted.

For the purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all electronic bids submitted.

Each bid must be unconditional.

The Board expects to take the bids on the Series 2011 Bonds on February 24, 2011. However, the Board reserves the right to postpone the date and time established for the receipt of the bids or to change the bidding parameters set forth in this Official Notice of Sale. Any such postponement or change will be announced by TM3, or any other such service. If the receipt of bids is postponed, any alternative date for receipt of bids will be announced. Any bidder must submit an electronic bid for the purchase of the Series 2011 Bonds on such alternative sale date in conformity with the provisions of the Official Notice of Sale, except for any changes announced via TM3 or any other such service, as described therein.

Preliminary Official Statement

Copies of the Preliminary Official Statement concerning the Series 2011 Bonds and the Official Form of Proposal relating to the Series 2011 Bonds may be secured from Ms. Suzan Smith, Superintendent, Hancock County Board of Education, 104 North Court Street, New Cumberland, West Virginia, 26047, telephone 304.564.3411 or from Raymond James & Associates, Inc., 500 Lee Street, East, Suite 530, Laidley Tower, Charleston, West Virginia, 25301, telephone 304.346.1981.

The Series 2011 Bonds

The Series 2011 Bonds will be dated the date of their delivery (the “Dated Date”) and will mature on May 1 in the years and in the amounts as follows:

Maturing (May 1)	Principal Amount (\$)	Maturing (May 1)	Principal Amount (\$)
2012	595,000	2025	1,480,000
2013	865,000	2026	1,545,000
2014	900,000	2027	1,620,000
2015	945,000	2028	1,695,000
2016	985,000	2029	1,770,000
2017	1,030,000	2030	1,850,000
2018	1,080,000	2031	1,935,000
2019	1,130,000	2032	2,025,000
2020	1,180,000	2033	2,120,000
2021	1,235,000	2034	2,215,000
2022	1,290,000	2035	2,320,000
2023	1,350,000	2036	2,425,000
2024	1,415,000		

The Series 2011 Bonds are general obligations of the Board and the full faith and credit of the Board are pledged for payment of the principal of and interest thereon. All the taxable property in Hancock County, West Virginia, will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Series 2011 Bonds when due.

The Series 2011 Bonds will be dated the Date of Delivery, and will be issued in fully registered form only, without coupons, and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2011 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 Series 2011 Bonds will not receive certificates representing their interests in the Series 2011 Bonds.

Pursuant to Chapter 13, Article 1, of the Code of West Virginia, 1931, as amended, both the principal of and interest on the Series 2011 Bonds are payable at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent. The Board has designated WesBanco Bank, Inc., Wheeling, as the Registrar.

Interest on the Series 2011 Bonds will be payable on November 1, 2011 and semiannually thereafter (each May 1 and November 1) in each year until maturity. The principal of and interest on the Series 2011 Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the owners of the Series 2011 Bonds.

Optional Redemption

The Series 2011 Bonds maturing on or after May 1, 2022, are subject to redemption on or after May 1, 2021, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at par plus interest, if any, accrued to the date fixed for redemption.

In the event of such optional redemption, the Board may direct the maturity or maturities of the Series 2011 Bonds and the amounts thereof to be redeemed, provided that the Series 2011 Bonds will be redeemed in whole multiples of \$5,000 in principal amount and in the minimum principal amount of \$50,000.

Notice of any redemption of Series 2011 Bonds shall be given by the Registrar, on behalf of the Board, to registered owners of the Series 2011 Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2011 Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Series 2011 Bonds having been deposited, the Series 2011 Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the Board shall default in the payment of the redemption price), such Series 2011 Bonds shall cease to bear interest.

Optional Term Bonds

Bidders have the option of specifying that the principal amount of the Series 2011 Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as shown in the maturity schedule set forth on the cover page of the Preliminary Official Statement and in this Official Notice of Sale.

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

Insurance at Bidder's Option

If the Series 2011 Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Series 2011 Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Series 2011 Bonds to be so insured or of any such policy of insurance to be issued, shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Series 2011 Bonds.

Terms of Sale

Bidders may only bid to purchase all of the Series 2011 Bonds. Each proposal must state the amount bid for the Series 2011 Bonds, not less than \$37,000,000 or greater than 103% of the par value of the Series 2011 Bonds, and must state in multiples of 1/20 or 1/8 of 1% the rates of interest per annum which the Series 2011 Bonds are to bear, but must not state:

- (a) any interest rate which is in excess of 6.75% per annum,
- (b) more than one interest rate for any Series 2011 Bonds having like maturity, and
- (c) any interest rate for Series 2011 Bonds which exceeds the interest rate stated in such proposal for any other Series 2011 Bonds by more than three percent (3%).

The right is reserved to reject any and all proposals not conforming to this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

Award

The Board, from among the legally acceptable proposals which comply with this Official Notice of Sale, will select the bidder (herein called the "successful bidder") whose proposal offers to purchase all the Series 2011 Bonds at the lowest true interest cost ("TIC"). For the purpose of determining the successful bidder, the true interest cost (TIC) will be the annual interest rate based on a 360-day year or twelve-30 day months, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Series 2011 Bonds to the date of delivery of the Bonds, results in an amount equal to the bid price for the Series 2011 Bonds. If there is more than one such proposal making such offer at the same lowest cost, the Series 2011 Bonds will be sold to the bidder whose proposal is selected by the Board by lot from among all such proposals making such offer at the lowest TIC.

The Board reserves the right to reject any or all bids and to reject any bid not complying with this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid.

Good Faith Deposit

A good faith deposit in the amount of \$740,000 (the "Good Faith Deposit") is required in connection with the sale of the Series 2011 Bonds. The Good Faith Deposit may be provided for by (i) a certified, bank cashier's, treasurer's or official check drawn upon or certified by a responsible banking institution and made payable to the order of the "The Board of Education of Hancock County, West Virginia", delivered at or prior to the time of bid, or (ii) a federal funds wire transfer to be submitted to the Board by the successful bidder not later than 3:00 P.M., Eastern Standard Time, on the Date of Sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers". The Good Faith Deposit of the successful bidder will be collected and the proceeds thereof retained by the Board to be applied in partial payment of the Series 2011 Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages. Checks of unsuccessful bidders will be returned promptly after the Series 2011 Bonds are awarded to the successful bidder.

If the successful bidder chooses to deliver its Good Faith Deposit by federal funds wire transfer, the Board will distribute wiring instructions for the Good Faith Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Good Faith Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2011 Bonds to the successful bidder may be cancelled by the Board in its discretion without any financial liability of the Board to the successful bidder or any limitation whatsoever on the Board's right to sell the Series 2011 Bonds to a different purchaser upon such terms and conditions as the Board shall deem appropriate.

Certificate of Winning Bidder

The successful bidder will be required to provide to the Financial Advisor by facsimile transmission to 304.346.1985 within one-half (½) hour after the verbal award of the Series 2011 Bonds the initial offering price/yields of the Series 2011 Bonds to the public (excluding bond houses and brokers). The successful bidder also must submit to the Board an underwriter's certificate in the form attached hereto as Exhibit A (the "Underwriter's Certificate"), the form of which has been approved by Bond Counsel, prior to the delivery of the Series 2011 Bonds. By submitting its bid, each bidder agrees that, if it is awarded the Series 2011 Bonds, it will either retain the Series 2011 Bonds as a long term investment for its own account or make a bona fide public offering of the Series 2011 Bonds of each maturity to the public after the award at an initial offering price as stipulated herein. It shall be a condition of the Board's obligation to deliver the Series 2011 Bonds that the successful bidder provide documentation as to its compliance with such requirements for purposes of the Internal Revenue Code of 1986, as amended, in form and substance satisfactory to Bond Counsel, including but not limited to the Underwriter's Certificate.

Delivery of the Series 2011 Bonds

The Series 2011 Bonds will be delivered upon payment of the balance of the purchase price in Federal Funds payable to the order of "The Board of Education of the County of Hancock, West Virginia". It is expected that the Series 2011 Bonds will be available for delivery to The Depository Trust Company in New York, New York, on or about March 10, 2011, on such business day and at such hour, as the Board may fix on five business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

Opinions of Bond Counsel

It will be a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2011 Bonds that prior to or contemporaneously with such delivery, the successful bidder will be furnished with the final approving opinion of Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia, Bond Counsel. The opinion of Bond Counsel will include an opinion that under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2011 Bonds is not includable in gross income of the owners thereof for federal income tax purposes and that the Series 2011 Bonds are exempt from all taxation by the State of West Virginia or any political subdivision thereof. Said opinion shall also contain further statements to the effect that the enforceability of rights or remedies with respect to the Series 2011 Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

It will be a further condition of delivery of any payment for the Series 2011 Bonds that there also be delivered at such time certificates satisfactory to said Bond Counsel evidencing proper execution and delivery of the Series 2011 Bonds, including (i) a certificate dated the date of delivery of the Series 2011 Bonds, stating that there is no litigation pending or threatened affecting the validity of the Series 2011 Bonds, or wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Board, or adversely affect the power of the Board to levy, collect and enforce the collection of taxes or other revenues for the payment of its Series 2011 Bonds, (ii) a certificate dated the date of delivery of the Series 2011 Bonds, of the President and Secretary of the Board, to the effect that at the time of the sale of the Series 2011 Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2011 Bonds, to the best of their knowledge, the Official Statement in final form and as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iii) a tax and arbitrage certificate executed on behalf of the Board which will include, among other things, covenants relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Series 2011 Bonds that the Board, will, among other things, (a) take all actions on its part necessary to cause interest on the Series 2011 Bonds not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Series 2011 Bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a special manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Series 2011 Bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Series 2011 Bonds and investment earnings thereon on certain specified purposes. The Series 2011 Bonds will also bear the signed approval of the Attorney General of West Virginia to the effect that the Series 2011 Bonds are binding obligations of the Board and are incontestable.

Final Official Statement

Within seven (7) business days after the award of the Series 2011 Bonds to the successful bidder therefor, on the date of the sale, the Board, by its President, will authorize the delivery of its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement is deemed final by the Board for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The Board will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Series 2011 Bonds. If requested and furnished to the Board in writing by the successful bidder at or before the close of business on the day of sale, the Board will include in the Official Statement such pricing and other information relating to the reoffering of the Series 2011 Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Series 2011 Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the Board and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Series 2011 Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. The Board reserves no responsibility or obligation for the distribution of the Official Statement to anyone other than the successful bidder. Within seven (7) business days after the award of the Series 2011 Bonds, the successful bidder will also be furnished, without cost, up to 125 copies of the Official Statement (and any amendment or supplement thereto).

CUSIP

It is anticipated that CUSIP identification numbers will be printed on the Series 2011 Bonds, but neither the failure to print such numbers on any Series 2011 Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2011 Bonds in accordance with terms of this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Series 2011 Bonds shall be paid for by the Board. However, the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

THE BOARD OF EDUCATION OF THE COUNTY OF HANCOCK

By: /s/ Suzan Smith
Superintendent, The Board of Education of the County of Hancock

DATE: February 10, 2011

EXHIBIT A

\$37,000,000

**The Board of Education of the
County of Hancock (West Virginia)
Public School Bonds, Series 2011**

CERTIFICATE OF UNDERWRITER

_____ (the “Underwriter”), as underwriters of the Series 2011 Bonds identified above (the “Series 2011 Bonds”), issued by The Board of Education of Hancock County, West Virginia (the “Issuer”), based on its knowledge regarding the sale of the Series 2011 Bonds, certifies as of this date as follows:

1. All of the Series 2011 Bonds were offered to the general public in a bona fide public offering at initial offering prices higher than the principal amount of such Series 2011 Bonds (the “Initial Offering Price”). The fair market value of the Series 2011 Bonds is not in excess of the Initial Offering Price. The Issue Price of the Series 2011 Bonds is \$_____ which consists of the principal amount of the Series 2011 Bonds of \$_____, [plus a Premium of \$_____]. A substantial amount of the Series 2011 Bonds (in excess of 10% of each maturity) was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters of wholesalers) at a price not higher than the Initial Offering Price or a yield not lower than the yield stated in paragraph 2(c) of this Certificate. The Underwriter has purchased the Series 2011 Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary.

2. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Series 2011 Bonds:

- (a) The Issue Price of the Series 2011 Bonds is \$_____.
- (b) The weighted average maturity of the Series 2011 Bonds is _____ years.
- (c) The yield on the Series 2011 Bonds is _____%.
- (d) The CUSIP Number assigned to the final maturity of the Series 2011 Bonds is _____.

3. Aggregate total compensation to the Underwriter of \$_____ based on the prices or yields for the Series 2011 Bonds provided to the Issuer.

4. At the Issuer’s direction, based upon our participation in the transaction and our knowledge and experience with bond insurance (in which the credit enhancer has no involvement other than as a credit enhancer), and, as to (b) below, based on estimates by the Underwriter of the likely Yields at which such obligations may have sold in the absence of the bond insurance:

- (a) The premium paid for the Bond Insurance on the Series 2011 Bonds does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by credit enhancers in similar transactions with which the Underwriter is familiar.
- (b) The present value of the premium paid for the Bond Insurance is less than the present value of the interest reasonably expected to be saved on the Series 2011 Bonds as a result of the Bond Insurance, for which purpose present value is computed by using the yield-to-maturity (or prior optional redemption date, if applicable) of the Series 2011 Bonds (taking into account both the premium paid for the Bond Insurance) as the discount rate.

5. [All Series 2011 Bonds have an initial Offering Price that exceed their stated redemption price at maturity. The Premium for the Series 2011 Bonds is \$_____.]

6. None of the Series 2011 Bonds bears interest at an increasing interest rate.

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

The signer is an officer of the Underwriter and duly authorized to execute and deliver this Certificate of the Underwriter. The Underwriter understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of their representations in the Tax and Non-Arbitrage Certificate and in completing and filing the Information Return for the Series 2011 Bonds, and by Bowles Rice McDavid Graff & Love LLP, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Series 2011 Bonds.

Dated _____, 2011.

[_____ UNDERWRITER _____]

By: _____

Its: _____

OFFICIAL FORM OF PROPOSAL

Ms. Suzan Smith, Superintendent
The Board of Education of the County of Hancock, West Virginia

Superintendent:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale, dated February 10, 2011 which are hereby made part of this bid, we offer to purchase all of the \$37,000,000, the Board of Education of the County of Hancock (West Virginia), Public School Bonds, Series 2011 (the "Series 2011 Bonds"), described in said Official Notice of Sale, for the price of \$37,000,000 plus a premium of \$_____ (not to exceed 103% of the par value of the Series 2011 Bonds). The Series 2011 Bonds maturing in the years set forth below shall bear interest at the respective rates set opposite such years in the following table. Specify maturity dates of serial and term bonds as "S" or "T", respectively.

Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term	Maturing (May 1)	Principal Amount (\$)	Interest Rate (%)	Serial/ Term
2012	595,000	_____	_____	2025	1,480,000	_____	_____
2013	865,000	_____	_____	2026	1,545,000	_____	_____
2014	900,000	_____	_____	2027	1,620,000	_____	_____
2015	945,000	_____	_____	2028	1,695,000	_____	_____
2016	985,000	_____	_____	2029	1,770,000	_____	_____
2017	1,030,000	_____	_____	2030	1,850,000	_____	_____
2018	1,080,000	_____	_____	2031	1,935,000	_____	_____
2019	1,130,000	_____	_____	2032	2,025,000	_____	_____
2020	1,180,000	_____	_____	2033	2,120,000	_____	_____
2021	1,235,000	_____	_____	2034	2,215,000	_____	_____
2022	1,290,000	_____	_____	2035	2,320,000	_____	_____
2023	1,350,000	_____	_____	2036	2,425,000	_____	_____
2024	1,415,000	_____	_____				

Please check one of the following:

- ☐ One or more certified or cashier's checks or bank draft drawn on solvent banks or trust companies and payable unconditionally to the order of "The Board of Education of the County of Hancock" for \$740,000 which check is to be applied in accordance with said Official Notice of Sale.
- ☐ Will wire funds in the amount of \$740,000 by 3:00 pm, local time, day of bid, if successful.

Name of Bidder: _____

By: _____

Telephone: _____

(No addition or alteration, except as provided above, is to be made to this bid. Please attach a list of syndicate members, as applicable.)

The foregoing proposal is hereby accepted this _____ day of _____, 2011

By: _____, The Board of Education of the County of Hancock

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

True Interest Cost (Computed in accordance with the Official Notice of Sale) _____%

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

By: _____

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Printed by:

