BOOK ENTRY ONLY **S&P RATING: "AA-"**
BANK QUALIFIED **See "RATING" herein**

In the opinion of Evans, Froehlich, Beth & Chamley, Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (including any original issuance discount properly allocable to the owners thereof) is excluded from gross income 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. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See ***"TAX EXEMPTION,"*** ***"BONDS PURCHASED AT A PREMIUM OR A DISCOUNT"*** *and* ***"QUALIFIED TAX EXEMPT OBLIGATIONS"*** *herein and* ***Appendix C*** *hereto.*

CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS

$1,425,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010A

$350,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010B

$1,475,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010C

$2,940,000
General Obligation Waterworks and Sewerage Refunding Bonds
(Alternate Revenue Source)
Series 2010D

$325,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010E

Dated: Date of Delivery **Due: December 1, as shown on inside cover**

Each of the above-captioned series of bonds (collectively, the **"Bonds"**) will be issued by the City of Woodstock, McHenry County, Illinois (the **"City"**) in fully-registered form in the denomination of $5,000 or any authorized integral multiple thereof. Principal of the Bonds will be payable annually on December 1, as shown on the inside cover hereof, and semiannual interest thereon will be payable on June 1 and December 1, beginning on December 1, 2010. Principal will be payable upon presentation in lawful money of the United States of America at the designated payment office of UMB Bank, N.A. (the **"Paying Agent"** and **"Escrow Agent"**), in St. Louis, Missouri. Interest on each Bond will be payable by check or draft of the Paying Agent, in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

The Bonds and the interest thereon, will constitute general obligations of the City, payable from certain Pledged Revenues (as described herein), and to the extent the applicable Pledged Revenues are insufficient or not timely received, from ad valorem taxes levied without limitation as to rate or amount upon all of the taxable property within the territorial limits of the City (the **"Pledged Taxes"**).

A portion of the Bonds are subject to optional redemption prior to maturity as described herein. See **"THE BONDS – Redemption"** herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Zukowski, Rogers, Flood & McArdle, Crystal Lake, Illinois, and for the Underwriter by its counsel, Gilmore & Bell, P.C., St. Louis, Missouri. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about July 21, 2010.

STIFEL NICOLAUS

The date of this Official Statement is July 8, 2010.

CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS

MATURITY SCHEDULE
Base CUSIP 980337

$1,425,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010A

Due (December 1)	Principal Amount	Interest Rate	Price	CUSIP
2011	$135,000	1.150%	100.000%	NB 1
2012	140,000	1.375	99.941	NC 9
2013	135,000	1.625	99.528	ND 7
2014	140,000	2.000	99.377	NE 5
2015	145,000	2.375	99.275	NF 2
2016	145,000	2.750	99.132	NG 0
2017	150,000	3.000	98.824	NH 8
2018	155,000	3.125	98.153	NJ 4
2019	160,000	3.400	98.575	NK 1
2020	120,000	3.625	98.846	NL 9

$350,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010B

Due (December 1)	Principal Amount	Interest Rate	Price	CUSIP
2011	$35,000	1.150%	100.000%	NN 5
2012	40,000	1.375	99.941	NP 0
2013	35,000	1.625	99.528	NQ 8
2014	35,000	2.000	99.377	NR 6
2015	40,000	2.375	99.275	NS 4
2016	40,000	2.750	99.132	NT 2
2017	40,000	3.000	98.824	NU 9
2018	40,000	3.250	99.057	NV 7
2019	45,000	3.400	98.575	NW 5

$1,475,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010C

Due (December 1)	Principal Amount	Interest Rate	Price	CUSIP
2011	$120,000	1.150%	100.000%	NY 1
2012	120,000	1.375	99.941	NZ 8
2013	125,000	1.625	99.528	PA 1
2014	125,000	2.000	99.377	PB 9
2015	130,000	2.375	99.275	PC 7
2016	135,000	2.750	99.132	PD 5
2017	135,000	3.000	98.824	PE 3
2018	140,000	3.250	99.057	PF 0
2019	145,000	3.400	98.575	PG 8
2020	145,000	3.625	98.846	PH 6
2021	155,000	3.750	98.720	PJ 2

$2,940,000
General Obligation Waterworks and
Sewerage Refunding Bonds
(Alternate Revenue Source)
Series 2010D

Due (December 1)	Principal Amount	Interest Rate	Price	CUSIP
2011	$240,000	2.000%	101.144%	PL 7
2012	240,000	1.375	99.941	PM 5
2013	250,000	1.625	99.528	PN 3
2014	255,000	2.000	99.377	PP 8
2015	260,000	2.375	99.275	PQ 6
2016	260,000	2.750	99.132	PR 4
2017	265,000	3.000	98.824	PS 2
2018	280,000	3.250	99.057	PT 0
2019	285,000	3.400	98.575	PU 7
2020	300,000	3.625	98.846	PV 5
2021	305,000	3.750	98.720	PW 3

$325,000
General Obligation Refunding Bonds
(Alternate Revenue Source)
Series 2010E

Due (December 1)	Principal Amount	Interest Rate	Price	CUSIP
2011	$25,000	1.150%	100.000%	PY 9
2012	30,000	1.375	99.941	PZ 6
2013	30,000	1.625	99.528	QA 0
2014	30,000	2.000	99.377	QB 8
2015	25,000	2.375	99.275	QC 6
2016	25,000	2.750	99.132	QD 4
2017	30,000	3.000	98.824	QE 2
2018	30,000	3.250	99.057	QF 9
2019	30,000	3.400	98.575	QG 7
2020	35,000	3.625	98.846	QH 5
2021	35,000	3.750	98.720	QJ 1

CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS

121 W. Calhoun Street
Woodstock, Illinois 60098
(815) 338-4300

CITY OFFICIALS

Dr. Brian Sager, *Mayor*
Richard Ahrens, *Council Member*
Julie Dillon, *Council Member*
Maureen Larson, *Council Member*
R.B. Thompson, *Council Member*
Michael Turner, *Council Member*
Ralph Webster, *Council Member*

CITY ADMINISTRATION

Timothy J. Clifton, City Manager
Derik Morefield, Deputy City Manager
Roscoe Stelford, Finance Director

CITY'S COUNSEL

Zukowski, Rogers, Flood & McArdle
Crystal Lake, Illinois

INDEPENDENT AUDITORS

Sikich LLP
Aurora, Illinois

BOND COUNSEL

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

UNDERWRITER
Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds offered hereby other than those 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 any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person 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 furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

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

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or "Blue Sky" laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

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OFFICIAL STATEMENT

CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS

$1,425,000 **General Obligation Refunding Bonds** **(Alternate Revenue Source)** **Series 2010A**	**$350,000** **General Obligation Refunding Bonds** **(Alternate Revenue Source)** **Series 2010B**	**$1,475,000** **General Obligation Refunding Bonds** **(Alternate Revenue Source)** **Series 2010C**

$2,940,000 **General Obligation Waterworks and** **Sewerage Refunding Bonds** **(Alternate Revenue Source)** **Series 2010D**	**$325,000** **General Obligation Refunding Bonds** **(Alternate Revenue Source)** **Series 2010E**

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. Capitalized words and terms not defined in this Official Statement shall have the meanings as defined in the Bond Ordinance (defined below). A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Woodstock, McHenry County, Illinois (the **"City"**), (2) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010A (the **"Series 2010A Bonds"**) to be issued in the principal amount of $1,425,000, (3) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010B (the **"Series 2010B Bonds"**) to be issued in the principal amount of $350,000, (4) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010C (the **"Series 2010C Bonds"**) to be issued in the principal amount of $1,475,000, (5) the City's General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2010D (the **"Series 2010D Bonds"**) to be issued in the principal amount of $2,940,000, and (6) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010E (the **"Series 2010E Bonds"** and, collectively with the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds and the Series 2010D Bonds, the **"Bonds"**), to be issued in the principal amount of $325,000.

Purpose of the Bonds

The proceeds of the Series 2010A Bonds, together with other legally available funds of the City, will be used to (1) refund and retire on August 20, 2010 all of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2000C maturing in the years 2014 and thereafter (the "**Series 2000C Refunded Bonds**") in the aggregate principal amount of $335,000, (2) refund and retire on February 1, 2011 all of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2001 (the **"Series 2001 Bonds"**) maturing in the years 2012 and thereafter (the **"Series 2001 Refunded Bonds"**) in the aggregate principal amount of $1,020,000, and (3) pay the costs of issuing the Series 2010A Bonds. The Series 2000C Refunded Bonds were issued to finance certain costs of constructing an aquatic center. The Series 2001 Bonds were purchased by the Illinois Finance Authority (successor to the Illinois Rural Bond Bank) (the **"Authority"**) with proceeds of the Authority's Rural Bond Bank Bonds, Series 2001B (the

"Authority Bonds"). A portion of the Authority Bonds were issued with the same terms as the Series 2001 Bonds. The Authority Bonds with the same terms as the Series 2001 Refunded Bonds will be retired on February 1, 2011 when the Series 2001 Refunded Bonds are retired (the **"Authority Refunded Bonds"**). The Series 2001 Bonds and the related Authority Bonds were issued to finance certain costs of constructing an addition to the City's historic opera house.

The proceeds of the Series 2010B Bonds will be used to (1) refund and retire on August 20, 2010 all of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2000D maturing in the years 2014 and thereafter (the "**Series 2000D Refunded Bonds**") in the aggregate principal amount of $335,000, and (2) pay the costs of issuing the Series 2010B Bonds. The Series 2000D Refunded Bonds were issued to finance certain costs of constructing a municipal library addition.

The proceeds of the Series 2010C Bonds will be used to (1) refund and retire on December 1, 2010 all of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2002E (the **"Series 2002E Bonds"**) maturing in the years 2011 and thereafter (the **"Series 2002E Refunded Bonds"**) in the aggregate principal amount of $1,380,000, and (2) pay the costs of issuing the Series 2010C Bonds. The Series 2002E Refunded Bonds were issued to finance certain costs of redeveloping certain property located in a tax increment financing district known as the Die Cast Site.

The proceeds of the Series 2010D Bonds will be used to (1) refund and retire on December 1, 2010 all of the City's outstanding General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2002F (the **"Series 2002F Bonds"**) maturing in the years 2011 and thereafter (the **"Series 2002F Refunded Bonds"**) in the aggregate principal amount of $2,755,000, and (2) pay the costs of issuing the Series 2010D Bonds. The Series 2002F Refunded Bonds were issued to finance certain costs of improving the City's combined waterworks and sewerage system.

The proceeds of the Series 2010E Bonds will be used to (1) refund and retire on December 1, 2010 all of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2002G (the **"Series 2002G Bonds"**) maturing in the years 2016 and thereafter (the **"Series 2002G Refunded Bonds"** and, collectively with the Series 2000C Refunded Bonds, the Series 2000D Refunded Bonds, the Series 2001 Refunded Bonds (and the related Authority Refunded Bonds), the Series 2002E Refunded Bonds and the Series 2002F Refunded Bonds, the **"Refunded Bonds"**) in the aggregate principal amount of $305,000, and (2) pay the costs of issuing the Series 2010E Bonds. The Series 2002G Refunded Bonds were issued to finance certain costs of constructing a salt storage building for the City.

See the caption **"PLAN OF FINANCING"** for a more detailed description of the use of the proceeds of the Bonds.

Security and Source of Payment

Series 2010A Bonds. The Series 2010A Bonds will constitute "alternate bonds" under the Local Government Debt Reform Act of the State of Illinois, as amended (30 ILCS 350/1 *et seq.*) (the **"Reform Act"**), being general obligation bonds of the City payable from (1) receipts and proceeds of the telecommunications taxes imposed by the City pursuant to Section 8-11-17 of the Municipal Code (65 ILCS 5/8-11-17), or replacement, substitute or successor taxes therefor as provided by applicable law in the future (including the Simplified Municipal Telecommunications Tax, collectively, the **"Telecommunications Taxes"**), and (2) certain proceeds of the Retailers Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes (collectively, as applicable, **"Sales Taxes,"** and including any replacement, substitute or successor taxes therefor as provided by applicable law in the future) imposed and distributed by the State of Illinois pursuant to applicable law (collectively, the **"Series 2010A Pledged Revenues"**). To the extent the Series 2010A Pledged Revenues are insufficient or not timely received, the Series 2010A Bonds will be paid from ad valorem property taxes levied upon all taxable property in the City without limitation as to rate or amount (the **"Pledged Taxes"**).

Series 2010B Bonds. The Series 2010B Bonds will constitute "alternate bonds" under the Reform Act, being general obligation bonds of the City payable from the City's Library Capital Expansion Fees and the additional tax of .02% of the value of all the taxable property in the City, as equalized or assessed by the Department of Revenue, for the purchase of sites and buildings, for the construction and equipment of buildings, for the rental of buildings required for library purposes, and for maintenance, repairs and alterations of library buildings and equipment, imposed by the City pursuant to Section 3-1 of the Illinois Local Library Act, as amended, or replacement, substitute or successor taxes therefor as provided by applicable law in the future (collectively, the **"Library Fees and Taxes"** or the **"Series 2010B Pledged Revenues"**). To the extent the Series 2010B Pledged Revenues are insufficient or not timely received, the Series 2010B Bonds will be paid from Pledged Taxes.

Series 2010C Bonds. The Series 2010C Bonds will constitute "alternate bonds" under the Reform Act, being general obligation bonds of the City payable from (1) incremental taxes derived from the City's existing redevelopment project area designated and established under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq*.) (the **"Incremental Taxes"**), and (2) Sales Taxes (collectively, the **"Series 2010C Pledged Revenues"**). To the extent the Series 2010C Pledged Revenues are insufficient or not timely received, the Series 2010C Bonds will be paid from Pledged Taxes.

Series 2010D Bonds. The Series 2010D Bonds will constitute "alternate bonds" under the Reform Act, being general obligation bonds of the City payable from (1) Net Revenues (generally, gross revenues less operating and maintenance expenses) of the waterworks and sewerage system (the **"Waterworks and Sewerage System"**) owned and operated by the City in accordance with the provisions of Division 139 of Article 11 of the Illinois Municipal Code (Section 5/11-139-1 *et seq*. of Chapter 65 of the Illinois Compiled Statutes) (the **"Net Revenues of the System"**), and (2) Sales Taxes (collectively, the **"Series 2010D Pledged Revenues"**). To the extent the Series 2010D Pledged Revenues are insufficient or not timely received, the Series 2010D Bonds will be paid from Pledged Taxes.

Series 2010E Bonds. The Series 2010E Bonds will constitute "alternate bonds" under the Reform Act, being general obligation bonds of the City payable from Sales Taxes (the **"Series 2010E Pledged Revenues"**). To the extent the Series 2010E Pledged Revenues are insufficient or not timely received, the Series 2010E Bonds will be paid from Pledged Taxes.

See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein.

Continuing Disclosure Information

The City has covenanted in a Continuing Disclosure Certificate and Agreement (the **"Continuing Disclosure Agreement"**) to provide certain financial information and notices of material events in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption **"CONTINUING DISCLOSURE INFORMATION"** herein.

THE CITY

The City is a non-home rule municipality located approximately 50 miles northwest of Chicago, Illinois. The City, which is located in McHenry County, has an estimated population of 24,658 and covers approximately 13 square miles. See ***"Appendix A*: THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS – GENERAL, ECONOMIC AND FINANCIAL INFORMATION."**

PLAN OF FINANCING

Authorization of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Illinois, including the Municipal Code and the Reform Act. The issuance and sale of the Bonds have been authorized by Ordinance No. 10-O-34 adopted by the City on June 15, 2010 (the **"Bond Ordinance"**).

Purpose of Bonds

The Bonds are being issued to refund the Refunded Bonds. The City will transfer $6,343,472.00 (consisting of $6,317,592 of the proceeds of the Bonds and $25,880 of other legally available funds of the City) to UMB Bank, N.A., St. Louis, Missouri (the **"Escrow Agent**"), for deposit in the Escrow Fund established under an Escrow Agreement (the **"Escrow Agreement**"), between the City and the Escrow Agent. Such moneys deposited with the Escrow Agent will be used to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the **"Escrowed Securities"**) maturing in such amounts and at such times as shall be sufficient, together with the interest to accrue thereon, to (a) redeem and pay the principal of and accrued interest on the Series 2000C Refunded Bonds on August 20, 2010 at a redemption price equal to 100% of the principal amount thereof, (b) redeem and pay the principal of and accrued interest on the Series 2000D Refunded Bonds on August 20, 2010 at a redemption price equal to 100% of the principal amount thereof, (c) pay the interest on the Series 2001 Refunded Bonds (and the related Authority Refunded Bonds) as the same shall become due and payable prior to and on February 1, 2011, and to redeem and pay the principal of and accrued interest on the Series 2001 Refunded Bonds on such date at a redemption price equal to 100% of the principal amount thereof, (d) redeem and pay the principal of and accrued interest on the Series 2002E Refunded Bonds on December 1, 2010 at a redemption price equal to 101.5% of the principal amount thereof, (e) redeem and pay the principal of and accrued interest on the Series 2002F Refunded Bonds on December 1, 2010 at a redemption price equal to 101.5% of the principal amount thereof, and (f) redeem and pay the principal of and accrued interest on the Series 2002G Refunded Bonds on December 1, 2010 at a redemption price equal to 101.5% of the principal amount thereof.

After the issuance of the Bonds and the deposit of the proceeds thereof with the Escrow Agent pursuant to the Escrow Agreement, the Refunded Bonds shall be payable from the maturing principal of the Escrowed Securities, together with the earnings thereon and other moneys held for such purpose by the Escrow Agent. Under the Escrow Agreement, the Escrowed Securities and the moneys held by the Escrow Agent are irrevocably pledged to the payment of the Refunded Bonds and the interest thereon and may be applied only to such payment.

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Sources and Uses of Funds

The following table summarizes the sources of funds, including the proceeds from the sale of the Bonds, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:	
Principal Amount of the Bonds	$6,515,000.00
Plus: Moneys contributed by the City	25,880.00
Less: Net Original Issue Discount	(51,061.65)
Total	$6,489,818.35
Uses of Funds:	
Deposit to Escrow Fund	$6,343,472.00
Costs of Issuance (including the Underwriter's Discount)	146,346.35
Total	$6,489,818.35

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the Bond Ordinance for the detailed terms and provisions thereof.

General Description

General. The Bonds will be dated as of the date of initial delivery thereof and will mature on December 1 in the years and in the principal amounts, all as set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in the denomination of $5,000 each or any authorized integral multiple thereof. Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing December 1, 2010, at the rates set forth on the inside cover page of this Official Statement.

Payment of Principal and Interest. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of UMB Bank, N.A., in St. Louis, Missouri, as paying agent and bond registrar (the **"Paying Agent"** or **"Bond Registrar"**). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the City for such purpose, at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date.

Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books. Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of $500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.

The Bonds, when issued, will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York and no beneficial owner will receive certificates representing such beneficial owner's interest in the Bonds, except in the event the Bond Registrar delivers replacement bonds as provided in the Bond Ordinance. Payment of the principal of, premium, if any, and interest on each Bond will be made, and notices and other communications to Bondholders will be given, directly to DTC or its nominee, Cede & Co., by the Paying Agent. In the event the Bonds are not in a book-entry system, payment of principal of, premium, if any, and interest on the Bonds will be made and such notices and communications will be given as provided in the Bond Ordinance. See "Book-Entry Only System" below.

Redemption

Optional Redemption. The Bonds maturing on and after December 1, 2020 shall be subject to redemption prior to maturity on June 1, 2020 and thereafter in whole or in part on any date, in any order of maturity specified by the City (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption. Since all of the Series 2010B Bonds mature prior to December 1, 2020, the Series 2010B Bonds are not subject to call for optional redemption.

Procedure. The City shall, at least 45 days prior to an optional redemption date (unless a shorter time shall be satisfactory to the Bond Registrar), notify the Bond Registrar of any optional redemption date and of the principal amount of Bonds to be redeemed (provided that no such notification shall be required for the mandatory sinking fund redemption of term bonds, if any). In the event that less than all of the Bonds of a particular series or maturity are called for redemption as aforesaid, as necessary, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days or less than thirty (30) days prior to the redemption date by the Bond Registrar by such method as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any $5,000 Bond or $5,000 portion of a Bond shall be as likely to be called for redemption as any other such $5,000 Bond or $5,000 portion. The Bond Registrar shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, presentment for payment being conclusively such a waiver, notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by each such registered owner to the Bond Registrar.

All notices of redemption shall include at least the information as follows: (1) the identification of the particular Bonds to be redeemed; (2) the redemption date; (3) the redemption price; (4) if less than all of the Bonds of a particular maturity are to be redeemed, the identification numbers and maturities (and, in the case of partial redemption of any Bond, the respective principal amounts) of the Bonds to be redeemed; (5) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal payment office of the Paying Agent.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, together with accrued interest, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to any other registered owner. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid from available funds therefor by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal, and premium, if any, shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be marked cancelled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice described above, further notice shall be given by the Bond Registrar on behalf of the City as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any series or other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services, chosen in the discretion of the Bond Registrar, that disseminate notice of redemption of obligations such as the Bonds.

The Bonds, when issued, will initially be registered in the name of Cede & Co., as nominee for DTC, and no Beneficial Owner will receive certificates representing such Beneficial Owner's interest in the Bonds, except in the event the Paying Agent delivers replacement bonds as provided in the Bond Ordinance. Payment of the principal of, premium, if any, and interest on each Bond will be made, and notices and other communications to Bondholders will be given, directly to DTC or its nominee, Cede & Co., by the Paying Agent. In the event the Bonds are not in a book-entry system, payment of principal of, premium, if any, and interest on the Bonds will be made and such notices and communications will be given as described in the Bond Ordinance. See "Book-Entry Only System" below.

Book-Entry Only System

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the "**Book-Entry System**") maintained by The Depository Trust Company ("**DTC**"), New York, New York.

The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Bonds. The Bonds 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 will be issued for each maturity of each series of Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has 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.

Purchases of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payments of Principal, Redemption Price and Interest. Payment of principal of and interest on the 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 City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, 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), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described herein under the caption **"Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book Entry Only System."**

Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System

The City shall cause books (the **"Bond Register"**) for the registration and for the transfer of the Bonds as provided in the Bond Ordinance to be kept at the designated payment office of the Bond Registrar. Upon surrender for transfer of any Bond at the designated office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owners attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date on such Bond and ending on such interest payment date, nor, as applicable, to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bond.

The person in whose name any Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owners legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Series 2010A Pledged Revenues

The principal of and interest on the Series 2010A Bonds will constitute general obligations of the City, payable from the Series 2010A Pledged Revenues and, to the extent the Series 2010A Pledged Revenue are insufficient or not timely received, from Pledged Taxes.

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The sufficiency of the Series 2010A Pledged Revenues for the Series 2010A Bonds is supported by the most recent audit of the City, which is attached as ***Appendix B*** to this Official Statement. The tables below shows the requisite coverage for the Series 2010A Bonds for the following fiscal years.

	Fiscal Years Ended April 30		
	2007	2008	2009
Series 2010A Pledged Revenues:			
Telecommunication Taxes[1]	$ 938,444	$ 990,993	$ 967,012
Sales Taxes[2]	3,226,687	3,714,590	3,369,011
Total Series 2010A Pledged Revenues	$4,165,131	$4,705,583	$4,336,023
Maximum Annual Debt Service[3]	$562,521	$562,521	$562,521
Debt Service Coverage	7.40x	8.37x	7.71x

(1) Telecommunication Taxes are also pledged to the City's outstanding General Obligation Refunding Bonds (Alternate Revenue Source), Series 2004B (the **"Series 2004B Bonds"**).

(2) Sales Taxes are also pledged to several other outstanding series of bonds of the City, but is the primary source of repayment on only the Series 2010A Bonds, the Series 2010E Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds. See ***"Appendix A*: THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS – GENERAL, ECONOMIC AND FINANCIAL INFORMATION – General Obligation Indebtedness."**

(3) Includes the debt service on the Series 2010A Bonds, the Series 2010E Bonds, the Series 2004B Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds, which are the outstanding series of bonds that the Telecommunication Taxes or the Sales Taxes are the primary source of repayment. The estimated maximum annual debt service occurs in the fiscal year ending April 30, 2013.

Series 2010B Pledged Revenues

The principal of and interest on the Series 2010B Bonds will constitute general obligations of the City, payable from the Series 2010B Pledged Revenues and, to the extent the Series 2010B Pledged Revenue are insufficient or not timely received, from Pledged Taxes.

The sufficiency of the Series 2010B Pledged Revenues for the Series 2010B Bonds is supported by the most recent audit of the City, which is attached as ***Appendix B*** to this Official Statement. The tables below shows the requisite coverage for the Series 2010B Bonds for the following fiscal years.

	Fiscal Years Ended April 30		
	2007	2008	2009
Series 2010B Pledged Revenues:			
Library Fees and Taxes	$1,138,450	$1,361,898	$1,284,925
Total Series 2010B Pledged Revenues	$1,138,450	$1,361,898	$1,284,925
Maximum Annual Debt Service[1]	$47,899	$47,899	$47,899
Debt Service Coverage	23.77x	28.43x	26.83x

(1) Includes the debt service on the Series 2010B Bonds. The estimated maximum annual debt service occurs in the fiscal year ending April 30, 2013.

Series 2010C Pledged Revenues

The principal of and interest on the Series 2010C Bonds will constitute general obligations of the City, payable from the Series 2010C Pledged Revenues and, to the extent the Series 2010C Pledged Revenue are insufficient or not timely received, from Pledged Taxes.

The sufficiency of the Series 2010C Pledged Revenues for the Series 2010C Bonds is supported by the most recent audit of the City, which is attached as ***Appendix B*** to this Official Statement. The tables below shows the requisite coverage for the Series 2010C Bonds for the following fiscal years.

	Fiscal Years Ended April 30		
	2007	2008	2009
Series 2010C Pledged Revenues:			
Incremental Taxes	$ 452,371	$ 546,980	$ 624,233
Sales Taxes[1]	3,226,687	3,714,590	3,369,011
Total Series 2010C Pledged Revenues	$3,679,058	$4,261,570	$3,993,344
Maximum Annual Debt Service[2]	$369,321	$369,321	$369,321
Debt Service Coverage	9.96x	11.54x	10.81x

(1) Sales Taxes are also pledged to several other outstanding series of bonds of the City, but is the primary source of repayment on only the Series 2010A Bonds, the Series 2010E Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds. See **"*Appendix A*: THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS – GENERAL, ECONOMIC AND FINANCIAL INFORMATION – General Obligation Indebtedness."**

(2) Includes the debt service on the Series 2010C Bonds, the Series 2010E Bonds, the Series 2010A Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds, which are the outstanding series of bonds that the Incremental Taxes or the Sales Taxes are the primary source of repayment. The estimated maximum annual debt service occurs in the fiscal year ending April 30, 2013.

Series 2010D Pledged Revenues

The principal of and interest on the Series 2010D Bonds will constitute general obligations of the City, payable from the Series 2010D Pledged Revenues and, to the extent the Series 2010D Pledged Revenue are insufficient or not timely received, from Pledged Taxes.

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The sufficiency of the Series 2010D Pledged Revenues for the Series 2010D Bonds is supported by the most recent audit of the City, which is attached as ***Appendix B*** to this Official Statement. The tables below shows the requisite coverage for the Bonds for the following fiscal years.

	Fiscal Years Ended April 30		
	2007	2008	2009
Series 2010D Pledged Revenues:			
Net Revenues of the System[1]	$4,658,275	$2,531,784	$1,585,865
Sales Taxes[2]	3,226,687	3,714,590	3,369,011
Total Series 2010D Pledged Revenues	$7,884,962	$6,246,374	$4,954,876
Maximum Annual Debt Service[3]	$1,204,569	$1,204,569	$1,204,569
Debt Service Coverage	6.55x	5.19x	4.11x

(1) Net Revenues of the System are also pledged to the City's outstanding General Obligation Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2004F (the **"Series 2004F Bonds"**), the General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2008 (the **"Series 2008 Bonds"**) and the unrefunded portions of the Series 2002F Bonds.

(2) Sales Taxes are also pledged to several other outstanding series of bonds of the City, but is the primary source of repayment on only the Series 2010A Bonds, the Series 2010E Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds. See ***"Appendix A*: THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS – GENERAL, ECONOMIC AND FINANCIAL INFORMATION – General Obligation Indebtedness."**

(3) Includes the debt service on the Series 2010D Bonds, the Series 2010E Bonds, the Series 2004F Bonds, the Series 2008 Bonds, the Series 2010A Bonds and the unrefunded portions of the Series 2001 Bonds, the Series 2002E Bonds and the Series 2002G Bonds, which are the outstanding series of bonds that the Net Revenues of the System or the Sales Taxes are the primary source of repayment. The estimated maximum annual debt service occurs in the fiscal year ending April 30, 2014.

Series 2010E Pledged Revenues

The principal of and interest on the Series 2010E Bonds will constitute general obligations of the City, payable from the Series 2010E Pledged Revenues and, to the extent the Series 2010E Pledged Revenue are insufficient or not timely received, from Pledged Taxes.

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The sufficiency of the Series 2010E Pledged Revenues for the Series 2010E Bonds is supported by the most recent audit of the City, which is attached as ***Appendix B*** to this Official Statement. The tables below shows the requisite coverage for the Series 2010E Bonds for the following fiscal years.

	Fiscal Years Ended April 30		
	2007	2008	2009
Series 2010E Pledged Revenues:			
Sales Taxes[(1)]	$3,226,687	$3,714,590	$3,369,011
Total Series 2010E Pledged Revenues	$3,226,687	$3,714,590	$3,369,011
Maximum Annual Debt Service[(2)]	$211,741	$211,741	$211,741
Debt Service Coverage	15.24x	17.54x	15.91x

(1) Sales Taxes are also pledged to several other outstanding series of bonds of the City, but is the primary source of repayment on only the Series 2010A Bonds, the Series 2010E Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds. See **"*Appendix A*: THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS – GENERAL, ECONOMIC AND FINANCIAL INFORMATION – General Obligation Indebtedness."**

(2) Includes the debt service on the Series 2010E Bonds, the Series 2010A Bonds and the unrefunded portions of the Series 2001 Bonds and the Series 2002G Bonds, which are the outstanding series of bonds that the Sales Taxes are the primary source of repayment. The estimated maximum annual debt service occurs in the fiscal year ending April 30, 2013.

Pledged Taxes

Levy of Taxes. For the purpose of providing the money required to pay the interest on each series of the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, the City will levy upon all the taxable property within the City's corporate limits in each year while any of the Bonds shall be Outstanding, a direct annual tax sufficient for that purpose (i.e., Pledged Taxes).

To the extent lawful, interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes levied in the Bond Ordinance; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which such advance was made in the amounts thus advanced.

Abatement of Taxes for Payment of Bonds. Pursuant to the Bond Ordinance, the City covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain Outstanding, unless and to the extent there then shall be moneys irrevocably on deposit therefore in the applicable debt service account or accounts established under the Bond Ordinance, the City will not cause the abatement of the applicable Pledged Taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect such Pledged Taxes. The City and its officers will comply with all present and future applicable laws in order to assure that the applicable Pledged Taxes will be levied, extended and collected as provided in the Bond Ordinance and deposited in the applicable debt service accounts to pay the principal of and interest on the Bonds; and whenever the debt service deposit requirements described in this paragraph have been satisfied, the abatement of the applicable Pledged Taxes is authorized for the year with respect to which such taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the County Clerk of McHenry County in connection with such abatement. If for any reason there is abatement of such Pledged Taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Additional Bonds Payable from the Pledged Revenues

The City reserves the right to issue Additional Bonds without limit from time to time payable from the Pledged Revenues, and any such Additional Bonds will share ratably and equally in the Pledged Revenues with the Bonds; provided, however, that no Additional Bonds will be issued except in accordance with the provisions of the Local Government Debt Reform Act, the Bond Ordinance and the provisions of any ordinance authorizing outstanding bonds payable from a pledge of the Pledged Revenues.

THE REFORM ACT

The Reform Act provides that whenever there exists for a governmental unit enterprise revenues or a revenue source, or both, such governmental unit may issue its general obligation bonds payable from such enterprise revenues or revenue source, or both, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from such enterprise revenues or revenue source, or both, with the general obligation of the Village as back-up security.

The Reform Act prescribes the below-listed conditions that must be met before alternate bonds may be issued. Alternate bonds being issued to refund outstanding alternate bonds, however, are not required to satisfy these conditions so long as (a) the term of the refunding bonds does not exceed the term of the refunded bonds and (b) the debt service payable in any year on the refunding bonds does not exceed the debt service payable in the same year on the refunded bonds.

> First, alternate bonds must be issued for a lawful corporate purpose. If issued payable from a revenue source, which revenue source is limited in its purposes or applications, then the alternate bonds can only be issued for such limited purposes or applications.
>
> Second, the issuance must be submitted to referendum if, within the time provided by law following publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by the requisite number of registered voters in the governmental unit is filed.
>
> Third, to the extent payable from enterprise revenues, the issuer must demonstrate that the pledged revenues are sufficient in each year to provide an amount to pay all of the following: (a) costs of operation and maintenance of the utility or enterprise, excluding depreciation; (b) debt service on all outstanding revenue bonds payable from the enterprise revenues; (c) all amounts required to meet any fund or account requirements with respect to the outstanding revenue bonds; (d) other contractual or tort liability obligations, if any, payable from the enterprise revenues; and (e) in each year, an amount not less than 1.25 times debt service of all (i) outstanding alternate bonds payable from the enterprise revenues; and (ii) the alternate bonds proposed to be issued.
>
> If one or more revenue sources are pledged as security for the alternate bonds, the issuer must demonstrate that the revenue sources are sufficient in each year to provide not less than 1.25 times debt service on all outstanding alternate bonds payable from the revenue sources and on the alternate bonds proposed to be issued. If the revenue source is a governmental revenue source, the required coverage is reduced to 1.10 times debt service on all outstanding alternate bonds payable from the governmental revenue source, including the alternate bonds proposed to be issued.
>
> Fourth, the sufficiency of enterprise revenues or a revenue source must be supported by the most recent audit of the governmental unit. The audit must be for a fiscal year ending not earlier than 18 months prior to the issuance of the alternate bonds. If the audit does not adequately show such revenue source or if such source of revenue is shown to be insufficient, then the determination of sufficiency must be supported by the report of an independent accountant or feasibility analyst, the

latter having a national reputation for expertise in such matters. Such report must demonstrate the sufficiency of the revenues and explain how the revenues will be greater than those shown in the audit.

Last, the enterprise revenues or revenue source, as applicable, must in fact be pledged to the payment of the alternate bonds.

RATING

Standard and Poor's, a division of The McGraw-Hill Companies, Inc. (the **"Rating Agency"**), has assigned an underlying rating of "AA-" to the Bonds based on the credit of the City. An explanation of the significance of the rating may be obtained only from the Rating Agency.

The City has furnished the Rating Agency with certain information and materials relating to the Bonds and the City that has not been included in this Official Statement. Generally, the Rating Agency bases its ratings on the information and materials so furnished and on investigations, studies and assumptions by the Rating Agency. There is no assurance that the rating will remain in effect if, in the judgment of the Rating Agency, circumstances warrant. Neither the Underwriter nor the City has undertaken any responsibility to bring to the attention of the Bondowners any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the rating on the Bonds could have an adverse affect on the market price and marketability of the Bonds. The City has undertaken to notify Bondowners of any rating changes pursuant to the Continuing Disclosure Agreement but has not undertaken to (i) disclose any rating revisions proposed by the Rating Agency or (ii) oppose any such proposed revision or withdrawal of the ratings on the Bonds.

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or, to the City's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

Approval of Legality

Legal matters with respect to the authorization, execution and delivery of the Bonds are subject to the approval of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, as Bond Counsel. The proposed form of opinion that Bond Counsel expects to deliver on the date the Bonds is attached to this Official Statement as ***Appendix C***.

Bond Counsel has not reviewed this Official Statement except for the following portions thereof to the extent they describe the Bonds, the Bond Ordinance and the opinions to be delivered by Bond Counsel: the cover and inside cover hereof (other than prices) and the sections entitled **"THE BONDS"** (except under the caption **"–Book-Entry Only System"**), **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "LEGAL MATTERS – Approval of Legality," "TAX EXEMPTION," "BONDS PURCHASED AT A PREMIUM OR A DISCOUNT"** and **"QUALIFIED TAX EXEMPT OBLIGATIONS,"** and except for such sections and appendices has not participated in the preparation of this

Official Statement. Certain matters will be passed upon for the City by its counsel, Zukowski, Rogers, Flood & McArdle, Crystal Lake, Illinois, and for the Underwriter by its counsel, Gilmore & Bell, P.C., St. Louis, Missouri. Neither the Underwriter nor its counsel has independently verified the factual and financial information contained in this Official Statement.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed and refinanced therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts solely within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the **"Code"**) includes provisions for an alternative minimum tax (**"AMT"**) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (**"AMTI"**), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax-exempt interest, but not interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of a Bond issued with original issue discount, its Revised Issue Price (as discussed below), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the **"Service"**) has an ongoing program of auditing tax-exempt obligations to determine whether, in view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. Such an audit may adversely affect the liquidity and price of the Bonds.

Interest on the Bonds is not exempt from present Illinois income taxes.

BONDS PURCHASED AT A PREMIUM OR A DISCOUNT

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of a Bond issued with original issue discount, its Revised Issue Price (discussed below), the purchaser will be treated as having purchased a Bond with a market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

The initial public offering price of a maturity of the Bonds may be less than the principal amount payable at maturity (such Bonds may be referred to as **"OID Bonds"**). The difference between the Issue Price (defined below) of any such maturity of OID Bonds and the principal amount payable at maturity is original issue discount. The issue price (the **"Issue Price"**) for each maturity of OID Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of each maturity of OID Bonds is expected to be either the dollar price or the amount corresponding to the yield set forth on the cover page hereof, but is subject to change based on actual sales.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed under **"TAX EXEMPTION"** above, (a) the full amount of original issue discount with respect to such Bond constitutes interest which is not includible in the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If a Bond issued with original issue discount is purchased at any time for a price that is less than the Bond's Issue Price plus accreted original issue discount (the **"Revised Issue Price"**), the purchaser will be treated as having purchased such Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Bond for a price that is less than its Revised Issue Price.

Owners of the OID Bonds who dispose of such Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase OID Bonds in the initial public offering, but at a price different from the Issue Price or purchase OID Bonds subsequent to the initial public offering should consult their own tax advisors. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of Bonds issued with original discount should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Bonds.

The initial public offering price of a maturity of the Bonds may be in excess of the principal amount payable at maturity (such Bonds may be referred to as **"Premium Bonds"**). Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the Investor's basis in the Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Bond.

QUALIFIED TAX EXEMPT OBLIGATIONS

Subject to the City's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE INFORMATION

The City will agree in a Continuing Disclosure Certificate and Agreement (the **"Continuing Disclosure Agreement"**) for the benefit of the registered owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the **"Rule"**) to provide certain information and to give notice of the occurrence of certain events. The City is the only "obligated person" with responsibility for continuing disclosure.

Under the Continuing Disclosure Agreement, the City has agreed to provide to the Municipal Securities Rulemaking Board, presently through the Electronic Municipal Market Access system (**"EMMA"**) as the sole Nationally Recognized Municipal Securities Information Repository not later than 180 days after the end of each fiscal year of the City, beginning with the fiscal year ending April 30, 2010, the following:

(1) The City's audited financial statements for the prior fiscal year, prepared in accordance with generally accepted accounting principles as applicable to local governments.

(2) Information relating to the City and its operations in substantially the scope and form contained in this Official Statement set forth in the tables under the captions: **"REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - Composition of Equalized Assessed Valuation," " - Tax Rate Trend"** and **" - Tax Collection Record"** and **"SELECTED FINANCIAL INFORMATION - Comparative Financial Statements," " - General Obligation Indebtedness," " - Alternate Revenue Sources"** and **" - Waterworks and Sewerage System Revenues."**

Under the Continuing Disclosure Agreement, the City has also agreed to give notice to the Municipal Securities Rulemaking Board of the occurrence of any of the following events with respect to the Bonds, if material (**"Material Events"**):

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

A default under the Continuing Disclosure Agreement will not be deemed an event of default under the Bond Ordinance, and the sole remedy in the event of any failure of the City to comply with the Continuing Disclosure Agreement will be an action to compel performance.

As of the date of this Official Statement, the City has filed all necessary information with the appropriate information repositories and is in compliance with its previous undertakings.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the **"Underwriter"**) has agreed to purchase the Series 2010A Bonds from the City at a price of $1,399,269.00 (representing the aggregate principal amount of the Series 2010A Bonds, less an original issue discount of $12,193.50 and less an underwriting discount of $13,537.50). The Underwriter has agreed to purchase the Series 2010B Bonds from the City at a price of $344,142.10 (representing the aggregate principal amount of the Series 2010B Bonds, less an original issue discount of $2,532.90 and less an underwriting discount of $3,325.00). The Underwriter has agreed to purchase the Series 2010C Bonds from the City at a price of $1,448,802.30 (representing the aggregate principal amount of the Series 2010C Bonds, less an original issue discount of $12,185.20 and less an underwriting discount of $14,012.50). The Underwriter has agreed to purchase the Series 2010D Bonds from the City at a price of $2,890,579.50 (representing the aggregate principal amount of the Series 2010D Bonds, less net original issue discount of $21,490.50 and less an underwriting discount of $27,930.00). The Underwriter has agreed to purchase the Series 2010E Bonds from the City at a price of $319,252.95 (representing the aggregate principal amount of the Series 2010E Bonds, less an original issue discount of $2,659.55 and less an underwriting discount of $3,087.50).

The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has not, however, independently verified the factual and financial information contained in this Official Statement and, accordingly, the Underwriter expresses no view as to the sufficiency or accuracy thereof.

MISCELLANEOUS

Financial Statements

The audited financial statements of the City, for the fiscal year ended April 30, 2009, are included in ***Appendix B*** to this Official Statement. These financial statements have been audited by Sikich LLP, Aurora, Illinois, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in ***Appendix B*** hereto.

Verification of Mathematical Computations

Upon delivery of the Bonds, Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the Underwriter a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amount of the Escrowed Securities held in the Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Bonds (as described under the caption **"PLAN OF FINANCING – Purpose of Bonds"**) as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Code. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Bonds and the Bond Ordinance do not purport to be complete and are qualified in their entirety by reference thereto.

Simultaneously with the delivery of the Bonds, the Mayor, acting on behalf of the City, will furnish to the Underwriter a certificate which will state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City. Neither the City nor any of its officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those imposed on the City by the Bond Ordinance.

Additional Information

Additional information relating to the City or the Bonds may be obtained from the Underwriter, Stifel, Nicolaus & Company, Incorporated, 501 N. Broadway, St. Louis, Missouri 63102, Attention: Mr. Sean McCarthy, telephone (314) 342-2737, or from the City, 121 West Calhoun Street, Woodstock, Illinois 60098, Attention: Finance Director, telephone (815) 338-4300.

CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS

By: /s/ Dr. Brian Sager
Mayor

APPENDIX A

THE CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

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APPENDIX A

CITY OF WOODSTOCK, MCHENRY COUNTY, ILLINOIS
GENERAL, ECONOMIC AND FINANCIAL INFORMATION

Table of Contents

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GENERAL

History and Location

The community that is now known as the City of Woodstock, McHenry County, Illinois (the **"City"** or **"Woodstock"**), was first established in 1844 and was originally called Centerville. In 1845, Centerville was renamed Woodstock. The City of Woodstock was incorporated in 1852 as a non-home rule municipality.

The City is located approximately 50 miles northwest of Chicago, 35 miles east of Rockford, 70 miles southwest of Milwaukee, Wisconsin and 95 miles southeast of Madison, Wisconsin. Neighboring communities include Bull Valley, Crystal Lake, Harvard, Hebron, Huntley and McHenry. The City, which serves as the County Seat of McHenry County, has an estimated population of 24,658 according to the U.S. Census Bureau and covers approximately 13 square miles. The City is located on Illinois Route 47, providing access to Interstate 90 and to downtown Chicago and surrounding suburban business districts.

Located at the center of Woodstock's downtown is the historic Woodstock Square (the **"Square"**). The brick-paved streets within the Square provide access to many specialty shops and restaurants. The Square is listed on the National Registry of Historic Places. The City's Opera House is also located in the Square, providing a unique cultural experience to those living in Woodstock and members of the surrounding communities. The Opera House was constructed in 1890 and entertains more than 160,000 visitors annually. During the summer months, free band concerts occur weekly in the park located in the center of the Square.

Elected Officials

The City of Woodstock operates under the Council-Manager form of government that combines the political leadership of an elected mayor and six council members, with the managerial experience of an appointed City Manager. The mayor and council members are elected on an at-large, non-partisan basis for overlapping four-year terms.

Following is a listing of the City's elected officials:

Name	Office	First Elected	Term Expires (April 30)
Dr. Brian Sager	Mayor	1995[(1)]	2013
Richard Ahrens	Council Member	2005	2013
Julie Dillon	Council Member	2005[(2)]	2011
Maureen Larson	Council Member	2007	2011
R.B. Thompson	Council Member	2007	2013
Michael Turner	Council Member	2005	2013
Ralph Webster	Council Member	2003	2011

(1) Dr. Sager served as a council member from 1995 - 2005, and was elected Mayor in 2005.
(2) Ms. Dillon was appointed in June 2005 as a council member to fill the vacancy created by Dr. Sager being elected Mayor. Ms. Dillon previously served as city clerk.

Administration

Mr. Timothy J. Clifton has served as the City Manager of the City since 1992. He has worked in local government management since 1974 and holds a Master's Degree in Public Administration from Western Michigan University.

The City Manager is the Chief Administrative Officer for the City and oversees all City Departments. His office is responsible for the dissemination of information to the City Council, preparation of the City Council Agenda, development and oversight of the City's annual budget and capital improvement program, approval and coordination of all City events, and approval and coordination of filming activities within the City. Listed below are the Department Directors for the various departments within the City Administration.

Name	Department/Title
Derik Morefield	Deputy City Manager
Roscoe Stelford	Finance Director
Mary Petro	Library Director
Robert Lowen	Chief of Police
John W. Isbell	Public Works Director
David Zinnen	Recreation Director
Janelle Crowley	Human Resources Director
John Scharres	Managing Director, Opera House

Educational Facilities

Woodstock Community Unit School District 200, serving the communities of Woodstock, Wonder Lake, Bull Valley, and Greenwood, has earned a reputation as an outstanding school system, having been recognized fourteen consecutive years with the School Match Corporation's "What Parents Want" award, given to only 9% of the nation's schools.

Woodstock residents are afforded a variety of choices in private schools. They include St. Mary's School for Grades K-8 and Marian Central Catholic High School, as well as other excellent private schools that provide a variety of educational programs.

Woodstock students with unique needs are provided services through the Special Education District for McHenry County (SEDOM). SEDOM offers a full range of services to disabled individuals between the ages of 3 and 21.

McHenry County College is located just minutes from Woodstock. It provides accredited courses leading to an associate's degree or, through affiliation with Columbia College of Missouri, a bachelor's degree. Continuing education courses appealing to the interests of preschoolers, college students, business people and senior citizens are available.

Healthcare Facilities

Centegra Memorial Medical Center, located in Woodstock, offers state-of-the-art facilities that cover the entire range of health care needs, including flight-for-life trauma care, specialty clinics in pediatric cardiology and pulmonology, magnetic resonance imaging (MRI), a Level II newborn nursery for premature and sick newborns, and traditional, laser, arthroscopic, and laparoscopic surgeries. The hospital staff includes specialists in everything from family practice to neurology.

At the hospital's satellite facility, also located in Woodstock, residents have access to adolescent and mental health units, a skilled nursing facility that cares for patients up to 100 days, and an alcohol and substance abuse unit.

Private health care is handled by group practice clinics, managed care facilities, and individual practitioners. Physician specialties include cardiology, oncology, obstetrics, gynecology, surgery, family planning and pediatrics. Mercy Woodstock Medical Center further broadens citizens' health care options by providing complete on-site services including laboratory, x-ray, pharmacy, and urgent care, as well as family practice physicians and specialists.

Transportation

Situated at the nexus of U.S. Highway 14 and State Routes 47 and 120, Woodstock is easily reached by automobile or bus. Woodstock is linked to Chicago by rail via the Union Pacific Railroad making it an ideal home for commuters and a popular destination for visitors (commuter and passenger service provided by Metra's Northwest Line).

Likewise, Chicago's O'Hare International Airport, Midway International Airport, Greater Rockford Airport, and Milwaukee's Mitchell Field provide travelers and an ever-increasing industrial community with easy access throughout the United States and the world.

As a planned city that was laid out in a perfect grid in 1844, the Square marks the heart of the City. All roads in McHenry County lead to the county seat, Woodstock. The location affords rail, road, and nearby air linkages to both residents and businesses.

The area provides convenient paths to Chicago, Milwaukee, Rockford and Madison. Shipments to major markets are transported by two major Woodstock-based trucking firms or the Union Pacific Railroad. Half of all goods and services provided nationwide are made within 500 miles of the Illinois' border.

City Services

The City administers a wide range of public services. These include water and sanitary sewage treatment, police protection, public works infrastructure maintenance, an extensive park system, the Opera House Community Center, Inc., and the public library.

In 1994, the city and rural fire departments merged with the city ambulance department to create a unified fire district.

The City and McHenry County were both among the first in the state to offer curbside recycling to all of its residents, and Woodstock's early curbside recycling program has served as a model for other communities nationwide since the 1980s.

Recreation and Leisure

There are few cities that can match Woodstock's range of activities to enjoy the outdoors. With an extensive park system that contains twice the national average of acreage, the City is committed to preserving the open spaces that help create the quality of life that attracts residents to the City's rural setting.

Woodstock's largest park, the 130-acre Emricson Park, contains a wide array of recreational facilities: the municipal pool, softball and hardball diamonds, soccer fields, ice hockey and roller hockey rinks, tennis courts, picnic pavilions, ponds for fishing and ice-skating, and open space ideal for kite flying and cross-country skiing. The 20-acre Bates Park and several neighborhood parks, are also part of the extensive local park system.

Woodstock is also home to Ryder's Woods, the only natural preserve within a corporate city limits in the State of Illinois. Noted for its wide variety of plant and animal life, it is just one of the many beautiful sites in the park system that enhances the local environment.

The Westwood conservation area on the western edge of town offers 60 acres of natural open space. The Silver Creek Conservation Area provides hikers with an opportunity to enjoy a 62-acre sanctuary of native landscape and wildlife.

The City's Recreation Department offers a number of sports, fitness, art, music, and life skills management programs, as well as many special events and trips. Organized sports for all age levels also play a large role in Woodstock's recreational life. If residents are looking for a game of basketball, baseball, soccer, competitive swimming, or a bowling league, they can all be found without leaving the City.

Private country clubs and challenging public golf courses are available to individuals who would like a less structured recreational opportunity.

Festivals and Tourism

Throughout the year, Woodstock is host to many events, festivals, and fairs, including Fair Diddley, summer band concerts, farmers market, Fine Art Fair, HarvestFest and Groundhog Days--celebrating Woodstock's starring role as Punxsutawney, Pennsylvania in the 1992 movie Groundhog Day. The City's beautiful Romanesque-style Opera House serves as the cultural entertainment center of Woodstock, featuring plays, concerts, and performances throughout the year including the nationally renowned Woodstock Mozart Festival each summer.

The Square is often featured in the Chicago media as a tourism and filming destination spot.

The filming of Columbia Picture's "Groundhog Day" in Woodstock continues to generate interest in our community. Visitors from all sections of the nation pay regular visits to the Chamber office and City Hall to learn about the movie and Woodstock's history. A Groundhog Day festival is held in late-January through early-February of each year.

Year after year, thousands return to the Square to attend outstanding craft shows including Fair Diddley in the spring and Fair-in-the-Square in the summer.

Each August, local artists and art lovers are provided a wonderful opportunity when the Woodstock Chamber of Commerce and Industry presents a Fine Arts Fair that draws thousands of tourists from the Chicago area. In addition, people from all over the country come out to rural Woodstock for the Autumn Drive, which highlights artisans at work in their own homes.

Woodstock also welcomes thousands of visitors each August to the McHenry County Fair, where guests enjoy a genuine Midwestern gathering. Exhibits include everything from expertly raised livestock to finely preserved antiques.

In the autumn, residents turn out for the annual HarvestFest and Fiddler's Contest, enjoying activities such as pumpkin carving and hayrides. Scare-on-the-Square, held each October, provides a "delightfully scary" evening of storytelling by professional storytellers from around the area. Residents and visitors alike spread their blankets out in the Square to listen to the stories over a cup of hot cider. The Halloween Festival has costume judging, pumpkin decorating, and merchant-sponsored trick-or-treating on the Square.

The Victorian Christmas Walk kicks off the holiday shopping season with retailers hosting a Sunday Open House at each establishment. Shoppers enjoy holiday decorations and refreshments while viewing the latest merchandise.

The Lighting of the Square is celebrated on the Friday after Thanksgiving, as every building and tree on the Square is outlined with thousands of miniature white lights. Merchants provide free carriage rides and movies for families throughout the holiday season.

The Woodstock Opera House sponsors Tuba Christmas - the only time the tuba gets to play melody. Tuba players from across the region come to perform. Christmas carolers, Santa's Hut on the Square, story telling by Aunt Holly, and the annual Christmas parade highlight the holiday season.

Additionally, the Woodstock Fine Arts Association sponsors a Christmas Tree Walk with trees uniquely decorated by local organizations on display at the Opera House for all to see.

In addition to annual festivals, Woodstock residents are always ready to volunteer their time and talent for a variety of special celebrations. When Woodstock gets dressed up for a festival or celebration, no community can match the glitter, the fun, and the enthusiasm generated by the residents of this proud community.

Culture and Arts

The Woodstock community has a long and proud tradition supporting the cultural arts. There are abundant opportunities to enjoy the rich diversity of visual and performing arts. For over 100 years, numerous amateur and professional dance, opera, music, and theater companies have been a part of the Woodstock cultural scene.

Perhaps the most obvious symbol of creativity in the City is the historic Woodstock Opera House. Since its construction in 1890, the facility has seen its stage graced by such personalities as Jane Addams, Orson Welles, Paul Newman, Tom Bosley, Geraldine Page, Shelly Berman, Arlo Guthrie, Dizzy Gillespie, Eugenia Zuckerman, Beverly Sills, and Maya Angelou.

Restored in 1977 to its original "Steamboat Gothic" beauty, the structure now serves as a regional performing arts center which hosts a year-round variety of professional and community theater productions, lectures, special art exhibits, music festivals, public assemblies, and pageants.

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SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

Population, Housing, and Income Data

Population Trends. The following table shows the population for the City, McHenry County, the State of Illinois and the United States:

	1980 Population	1990 Population	2000 Population	Current Population
Woodstock	11,725	14,353	20,151	24,658
McHenry County	147,897	183,241	260,077	320,961[1]
Illinois	11,426,518	11,430,602	12,419,293	12,910,409[1]
United States	226,545,805	248,709,872	281,421,906	307,006,550[1]

[1] Estimate as of July 1, 2009.
Source: United States Census Bureau, 2000 Census.

Population by Age. The following table shows population by age for the areas indicated:

	City	McHenry County	Illinois	United States
0-4 years	1,616	21,110	876,549	19,175,798
5-14 years	3,127	45,249	1,834,955	41,077,577
15-19 years	1,393	18,130	894,002	20,219,890
20-24 years	1,541	12,399	850,843	18,964,001
25-44 years	6,692	87,003	3,795,544	85,040,251
45-64 years	3,801	55,273	2,667,375	61,952,636
65 years and over	1,981	20,913	1,500,025	34,991,753

Source: United States Census Bureau, 2000 Census.

Median Age of the Population. The following table shows the median age of the populations of the City, McHenry County and the State of Illinois:

	Median Age
City	32.1
McHenry County	34.2
State of Illinois	34.7

Source: United States Census Bureau, 2000 Census.

Home Value and Household Income. The following table shows the median home value and median household income for the City, McHenry County, the State of Illinois and the United States:

	2000 Median Home Value	2000 Median Household Income
Woodstock	$145,400	$47,871
McHenry County	168,100	64,826
Illinois	130,800	46,590
United States	119,600	41,994

Source: United States Census Bureau, 2000 Census.

Specified Owner-Occupied Housing Value. The following table shows the value of specified owner-occupied housing units of the City, McHenry County and the State of Illinois:

	City		McHenry County		State of Illinois	
Value	Number	Percent	Number	Percent	Number	Percent
Under $50,000	16	0.4%	315	0.5%	230,049	9.3%
$50,000 to $99,999	374	9.5	4,094	6.0	651,605	26.4
$100,000 to $149,999	1,771	45.2	21,290	31.4	583,409	23.6
$150,000 to $199,999	1,116	28.5	19,836	29.2	429,311	17.4
$200,000 to $299,999	476	12.2	16,016	23.6	344,651	14.0
$300,000 or more	164	4.2	6,338	9.3	231,313	9.4
Total	3,917	100.0%	67,889	100.0%	2,470,338	100.0%

Source: United States Census Bureau, 2000 Census.

Median Family Income. The median family income for the City, McHenry County, the State of Illinois and the United States, are as follows:

	Median Family Income
City	$54,408
McHenry County	71,553
State of Illinois	55,545
United States	50,046

Source: United States Census Bureau, 2000 Census.

Per Capita Personal Income. The following table sets forth per capita personal income[1] for McHenry County for 2004 through 2008, the most recent years for which figures are available:

Year	Income	Percent Change
2004	$35,133	N/A
2005	36,163	+2.93%
2006	38,083	+5.31
2007	38,601	+1.36
2008	38,956	+0.92

(1) Per Capita Personal Income is the annual total Personal Income of residents divided by resident population as of July 1. "Personal Income" is the sum of Net Earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. "Net Earnings" is earnings by place of work — the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income — less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: Bureau of Economic Analysis.

Employment

Major Employers. The top 10 employers of the City as of March 2010 are as follows:

	Name	Product or Service	Approximate Number of Employees
1.	McHenry County	Government	1,200
2.	Woodstock School District #200	Education	1,065
3.	Catalent, Inc..	Respirator and eye care products	1,000
4.	Brown Printing Company	Magazine printing	800
5.	Centegra Health Systems	Medical Services	686
6.	Wells Mfg. Company	Cast Iron Manufacturer	425
7.	Claussen Pickle Company, Inc.	Food Manufacturer and Processor	400
8.	D.B. Hess Company	Printing Services	400
9.	Siligan Tubes Corporation	Plastic tubes	220
10.	City of Woodstock	Government	150

Source: Illinois Department of Commerce and Community Affairs.

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Employment by Industry. The following table represents employees by industry in the City, McHenry County and the State of Illinois:

	City		McHenry County		State of Illinois	
Classification	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing, hunting and mining	87	0.9%	1,289	1.0%	66,481	1.1%
Construction	696	6.8	11,826	8.7	334,176	5.7
Manufacturing	2,827	27.7	28,996	21.4	931,162	16.0
Wholesale trade	267	2.6	6,002	4.4	222,990	3.8
Retail trade	1,055	10.3	16,293	12.0	643,472	11.0
Transportation and warehousing and utilities	372	3.6	6,907	5.1	352,193	6.0
Information	350	3.4	4,075	3.0	172,629	3.0
Finance, insurance, real estate, and rental and leasing	547	5.4	10,756	8.0	462,169	7.9
Professional, scientific, management, administrative and waste management services	829	8.1	12,013	8.9	590,913	10.1
Educational, health and social services	1,874	18.3	21,082	15.6	1,131,987	19.4
Arts, entertainment, recreation, accommodation and food services	646	6.3	7,484	5.5	417,406	7.2
Other services (except public administration)	324	3.2	5,385	4.0	275,901	4.7
Public administration	346	3.4	3,161	2.3	231,706	4.0
Total	10,220	100.0%	135,269	100.0%	5,833,185	100.0%

Source: United States Census Bureau, 2000 Census.

Employment by Occupation. The following table represents workforce by occupation in the City, McHenry County and the State of Illinois:

	City		McHenry County		State of Illinois	
Classification	Number	Percent	Number	Percent	Number	Percent
Management, professional and related occupations	2,999	29.3%	46,813	34.6%	1,993,671	34.2%
Service occupations	1,343	13.1	14,765	10.9	813,479	13.9
Sales and office occupations	2,463	24.1	38,287	28.3	1,609,939	27.6
Farming, fishing and forestry occupations	76	0.7	407	0.3	17,862	0.3
Construction, extraction and maintenance	993	9.7	14,500	10.7	480,418	8.2
Production, transportation and material moving	2,346	23.0	20,497	15.2	917,816	15.7
Total	10,220	100.0%	135,269	100.0%	5,833,185	100.0%

Source: United States Census Bureau, 2000 Census.

Unemployment Rates. The following table represents the unemployment rates for the City, McHenry County, the State of Illinois and the United States:

	City	McHenry County	Illinois	United States
2005	5.9%	5.1%	5.1%	5.1%
2006	4.4	3.8	4.6	4.6
2007	5.1	4.3	4.6	4.6
2008	6.8	5.8	5.8	5.7
2009	11.2	9.7	9.3	9.3
2010[1]	N/A	11.3	11.7	10.2

[1] Unemployment rate in March 2010.
Source: Illinois Department of Employment Security, Economic Information and Analysis; U.S. Department of Labor, Bureau of Labor Statistics.

Major Taxpayers

The 10 largest identifiable taxpayers within the City for the fiscal year ending April 30, 2009 are listed below. These taxpayers represent 5.74% of the City's 2009 taxable assessed valuation.

	Name	Product or Service	2009 Equalized Assessed Valuation	Percentage of Total Assessed Valuation
1.	Graftek Press	Publications printing	$ 4,602,111	0.70%
2.	Menards Inc.	Retail Hardware Store	4,431,034	0.68
3.	Wal-Mart	Discount Retail Store	4,204,013	0.64
4.	Catalent, Inc.	Respirator and eye care products	4,110,910	0.63
5.	Willow Brooke Apartments	Apartment Complex	3,785,523	0.58
6.	Mercy Health Systems	Health Care	3,774,764	0.58
7.	Wells Manufacturing Company	Cast Iron Manufacturer	3,598,799	0.55
8.	Woodstock Farm and Fleet	Retail Department Store	3,331,502	0.51
9.	Nimed Corporation	Developer	3,008,884	0.46
10.	Walden Oaks Apartments	Apartment Complex	2,797,422	0.43
	TOTAL		$33,042,851	5.74%

Source: City's Comprehensive Annual Financial Report for fiscal year ended April 30, 2009.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the ***"Department"***) assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to the respective parcels of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes in respect to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest, and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (**"EAV"**) of certain property owned and used for residential purposes (**"Residential Property"**) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $5,500 (the **"General Homestead Exemption"**).

Additional exemptions exist for (i) homeowners who are 65 years old or older, with the exemption operating annually to reduce the EAV on a senior citizen's home by $4,000; and (ii) disabled veterans, with the exemption operating annually to exempt up to $70,000 of the assessed valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Residential Properties that have been improved or rebuilt following a catastrophic event are entitled to the Homestead Improvement Exemption limited to $75,000 per year to the extent the assessed value is attributable solely to such improvements or rebuilding. A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 years old or older, have annual incomes of less than $55,000 and meet certain other qualifications. In general, the Senior Citizens Assessment Freeze Homestead Improvement Exemption limits the annual real property tax bill of such property by granting the qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current EAV of their residence and the EAV of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the Senior Citizens Assessment Freeze Homestead Improvement Exemption (plus the EAV of improvements since such year). Property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Assessment Freeze Homestead Improvement Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption. In addition, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit and public schools, churches, and not-for-profit and public hospitals.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law of the State of Illinois, as amended (the ***"Limitation Law"***), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government, including the City. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing (including school districts) bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties. The Limitation Law applies to the City.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are (1) approved at a direct referendum, (2) "alternate bonds" under the Local Government Debt Reform Act, or (3) for certain refunding purposes.

The limitations set forth in the Limitation Law does not apply to the taxes levied by the City to pay the principal of and interest on the Bonds.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the **"Truth in Taxation Law"**) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The City covenanted in the Bond Ordinances that it will not take any action which would adversely affect the levy, extension, collection, and application of the taxes levied by the County Clerk for payment of principal of and interest on the Bonds. The City also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the City.

Composition of Equalized Assessed Valuation

Tax Year	Farm	Residential	Commercial	Industrial	Mineral	Local Railroad	State Railroad	Total	% Change
2005	$3,284,803	$355,840,937	$ 98,065,329	$38,655,516	$91,218	$2,516	$329,892	$496,270,211	N/A
2006	3,350,587	407,193,199	102,316,525	40,277,351	93,316	0	328,875	553,559,853	+11.54%
2007	3,710,486	457,067,084	110,463,542	41,330,506	0	0	382,349	612,953,967	+10.73
2008	3,881,552	485,397,208	113,764,876	43,338,975	0	0	372,351	646,754,962	+5.51
2009	3,871,604	477,404,485	114,077,947	44,859,759	0	0	448,392	640,662,187	-0.94

Source: McHenry County Clerk.

Tax Rate Trend

		Tax Rates		
	Max Rate[1]	2007	2008	2009
General	.4375	$0.2853	$0.3245	$0.3547
Library	.1500	0.1320	0.1310	0.1335
Library Bond	As Needed	0.0537	0.0505	0.0505
Illinois Retirement (IMRF)	As Needed	0.2070	0.2040	0.1842
Liability Insurance	As Needed	0.1285	0.1080	0.1037
Debt Service	As Needed	0.0557	0.0530	0.0540
Police Pension	As Needed	0.1175	0.1150	0.1209
Environmental Management	.2000	0.0932	0.0790	0.0792
All Other Funds	As Needed	0.2596	0.2808	0.2987
TOTAL		$1.3261	$1.3457	$1.3794

(1) Per $100 equalized assessed valuation.
Source: City's Comprehensive Annual Financial Report for fiscal year ended April 30, 2009; McHenry County Clerk.

Overlapping Property Tax Rates for Property Within the City

Taxing Entity	2007	2008	2009
	Tax Years		
City of Woodstock	$1.3261	$1.3457	$1.3794
McHenry County	0.6871	0.7014	0.7157
Dorr Township	0.2545	0.2577	0.2628
School District #200	4.6088	4.6929	4.7901
Community College District #528	0.2634	0.2686	0.2740
Woodstock Fire Protection District	0.4998	0.5206	0.5367
McHenry County Conservation	0.1738	0.1732	0.1775
TOTAL TAX RATE PER $100 ASSESSED VALUATION	$7.8135	$7.9601	$8.1362
SHARE OF TOTAL TAX RATE LEVIED BY THE CITY	16.97%	16.90%	16.95%

Source: City's Comprehensive Annual Financial Report for fiscal year ended April 30, 2009; McHenry County Clerk.

Tax Collection Record

Property taxes for each levy year attach as an enforceable lien on January 1 of that year, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a tax levy ordinance. Tax bills are prepared by the County and issued on or about May 1 of the following year and are payable in two installments, on or about June 1 and September 1 of that year. The County collects such taxes and remits them to the City periodically.

The following table sets forth property tax rates, levies and collections for the City for the tax levy years indicated:

Tax Levy Year	Rates (per $100)	Total Tax Levy Requested	Collections	Percent of Levy Collected[1]
2004	$1.4716	$6,454,459	$6,455,384	100.01%
2005	1.4054	6,974,589	7,015,785	100.59
2006	1.3574	7,603,698	7,685,789	101.08
2007	1.3261	8,128,383	8,305,540	102.18
2008	1.3457	8,703,446	8,853,459	101.17
2009	1.3794	N/A	N/A	N/A

(1) Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of levy collected to exceed 100%.

Source: City's Comprehensive Annual Financial Report for fiscal year ended April 30, 2009; McHenry County Treasurer for 2009 information.

SELECTED FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

Basis of Presentation; Fund Accounting. The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into the following categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked money (special revenue funds), the acquisition or construction of general fixed assets (capital projects fund), and the servicing of general long-term debt (debt service fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in a fiduciary capacity or on behalf of others as their agent.

Basis of Accounting. Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The economic resources measurement focus and the accrual basis of accounting are used by all governmental fund types and agency funds, except the agency funds do not have a measurement focus. Under the accrual basis of accounting, revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

The City recognizes property taxes when they become both measurable and available in the period that the tax is intended to finance. A one-year availability period is used for revenue recognition for most other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, utility taxes, licenses, interest revenue and charges for services. Sales taxes owed to the State at year-end on behalf of the City also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Budgets and Budgetary Accounting. Annual budgets are adopted for all governmental, proprietary and pension trust funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental and proprietary funds. All outstanding encumbrances lapse at year end and do not carry forward into the subsequent fiscal year unless they are re-appropriated.

The City received a Distinguished Budget Presentation Award from GFOA for its comprehensive financial report for the fiscal years of 2003 through 2008. To receive this award, a budget document must effectively communicate a governmental unit's guidelines for policy, operations and financial planning. The award is valid for a period of one year only.

A firm of independent certified public accountants audits the City's financial statements annually in accordance with generally accepted auditing standards. The firm of Sikich LLP audited the City's financial statements for the fiscal year ended April 30, 2009, a copy of which is included in this Official Statement as ***Appendix B***. A summary of the City's significant accounting policies is contained in the Notes to the financial statements.

Comparative Financial Statements

The table below sets forth a summary of the results of operations for the City's General Fund for the last three fiscal years. The complete audited financial statements for the City for the year ended April 30, 2009 are included in ***Appendix B***. Potential purchasers should read ***Appendix B*** in its entirety for more complete information concerning the City's financial position.

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GENERAL FUND
SUMMARY OF OPERATIONS

	Fiscal Years Ending April 30		
	2007	2008	2009
REVENUES			
Taxes	$ 7,371,090	$ 8,149,216	$ 8,098,475
Licenses and Permits	1,117,394	494,704	237,683
Intergovernmental	60,437	56,878	-
Charges for Services	470,793	454,179	468,161
Investment Income	310,332	247,390	211,670
Miscellaneous	39,641	106,216	66,459
Total Revenues	$ 9,369,687	$ 9,508,583	$ 9,082,448
EXPENDITURES			
General Government	$ 3,157,586	$ 3,364,944	$ 3,086,566
Highways and Streets	1,335,002	1,554,809	1,888,216
Culture and Recreation	515,032	610,523	557,174
Total Expenditures	$ 5,007,620	$ 5,530,276	$ 5,531,956
EXCESS OF REVENUES OVER EXPENDITURES	$ 4,362,067	$ 3,978,307	$ 3,550,492
OTHER FINANCING SOURCES (USES)			
Transfer In	$ 345,601	$ 372,315	$ 374,666
Transfer (Out)	(4,603,774)	(4,648,940)	(4,662,402)
Total Other Financing Sources (Uses)	$(4,258,173)	$(4,276,625)	$(4,287,736)
NET CHANGE IN FUND BALANCES	$ 103,894	$ (298,318)	$ (737,244)
FUND BALANCE, MAY 1	$ 3,327,618	$ 3,431,512	$ 3,133,194
FUND BALANCE, APRIL 30	$ 3,431,512	$ 3,133,194	$ 2,395,950

Source: City's Comprehensive Annual Financial Report for the fiscal year ended April 30, 2007, 2008 and 2009.

Retirement Commitments

Note 7 to the City's audited financial statements for the fiscal year ended April 30, 2009 summarizes the retirement commitments of the City. See ***Appendix B***.

Employee Relations

The City's employees are organized as follows:

Employee Group	Union Affiliation	Number of Employees Represented	Contract Expiration
Police	FOP Union	38	April 30, 2010[1]

[1] Contract negotiations are currently underway.

The City generally has good relations with its employees and has no recent history of employee strikes. Besides the police department, no other employees are members of unions.

Debt Ratios

City Population, 2008	24,658
Assessed Valuation, 2009	$640,662,187
Estimated Actual Value, 2009	$1,950,714,669
Outstanding General Obligation Debt	$5,260,000
Overlapping General Obligation Debt	$96,651,257
Total Direct and Overlapping General Obligation Debt	$101,911,257
Per Capita Direct Debt	$213.32
Per Capita Direct and Overlapping General Obligation Debt	$4,132.99
Ratio of Direct Debt to Assessed Valuation	0.82%
Ratio of Direct Debt to Estimated Actual Value	0.27%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation	15.91%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Actual Value	5.22%

Schedule of Legal Debt Margin

Section 8-5-1 of the Illinois Municipal Code provides, "… no municipality having a population of less than 500,000 shall become indebted in any manner of or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of indebtedness or until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Alternate bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, unless ad valorem taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the bonds, in which case the amount of the alternate bonds then outstanding will be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shows that the alternate bonds have been paid from the pledged revenues supporting them for a complete fiscal year.

Shown below is a calculation of the City's debt limit and remaining debt margin as of April 1, 2010.

Assessed Valuation (2009 Tax Year)	$640,662,187
Legal Debt Limit - 8.625% of Assessed Valuation	$ 55,257,114
Amount of Debt Applicable to Debt Limit	5,260,000
Legal Debt Margin	$ 49,997,114

General Obligation Indebtedness

Following the issuance of the Bonds, the City will have outstanding the following general obligations:

Description of Bonds	Original Principal Amount	Outstanding Principal Amount	Final Maturity	Alternate Revenue Source (if any)[1]
General Obligation Library Building Bonds, Series 1999, dated October 1, 1999	$3,900,000	$210,000	01-01-2011	N/A
General Obligation Bonds (Alternate Revenue Source), Series 2001, dated December 20, 2001	1,635,000	1,415,000	02-01-2021	Opera House Fees and Sales Taxes
General Obligation Refunding Bonds, Series 2004A, dated April 8, 2004	3,085,000	2,840,000	01-01-2020	N/A
General Obligation Refunding Bonds (Alternate Revenue Source), Series 2004B, dated April 8, 2004	3,155,000	2,900,000	01-01-2020	Telecommunications Taxes
General Obligation Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2004F, dated March 1, 2004	3,650,000	2,535,000	11-01-2016	Net Revenues of the System and Sales Taxes
General Obligation Refunding Bonds, Series 2005A, dated September 8, 2005	2,270,000	2,210,000	01-01-2019	N/A

Description of Bonds	Original Principal Amount	Outstanding Principal Amount	Final Maturity	Alternate Revenue Source (if any)[(1)]
General Obligation Bonds (Alternate Revenue Source), Series 2005B, dated September 8, 2005	6,545,000	5,535,000	01-01-2025	Revenue Sharing Receipts, Sales Taxes and Miscellaneous Fees
General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2008	3,400,000	3,270,000	01-01-2028	Net Revenues of the System, Revenue Sharing Receipts and Sales Taxes
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2010A	1,425,000	1,425,000	12/01/2020	Telecommunications Taxes and Sales Taxes
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2010B	350,000	350,000	12/01/2019	Library Fees and Taxes
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2010C	1,475,000	1,475,000	12/01/2021	Incremental Taxes and Sales Taxes
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) Series 2010D	2,940,000	2,940,000	12/01/2021	Net Revenues of the System and Sales Taxes
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2010E	325,000	325,000	12/01/2021	Sales Taxes
TOTAL PRINCIPAL OUTSTANDING	$34,155,000	$27,430,000		

(1) Debt service on alternate bonds is secured by the designed revenue source and is payable from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (**"Pledged Taxes"**), in accordance with the provisions of the Local Government Debt Reform Act. Alternate bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the bonds, in which case the amount of the alternate bonds then outstanding will be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shows that the alternate bonds have been paid from the pledged revenues supporting them for a complete fiscal year. The City has timely abated the Pledged Taxes in each and every year for its outstanding alternate bonds.

Debt Service Requirements

Series 2010A Bonds. The following schedule shows the principal and interest requirements for the Series 2010A Bonds:

Fiscal Year Ended April 30	Principal	Interest	Total
2011	$ 0.00	$ 12,651.98	$ 12,651.98
2012	135,000.00	35,036.26	170,036.26
2013	140,000.00	33,483.76	173,483.76
2014	135,000.00	31,558.76	166,558.76
2015	140,000.00	29,365.00	169,365.00
2016	145,000.00	26,565.00	171,565.00
2017	145,000.00	23,121.26	168,121.26
2018	150,000.00	19,133.76	169,133.76
2019	155,000.00	14,633.76	169,633.76
2020	160,000.00	9,790.00	169,790.00
2021	120,000.00	4,350.00	124,350.00
Totals	$1,425,000.00	$239,689.54	$1,664,689.54

Series 2010B Bonds. The following schedule shows the principal and interest requirements for the Series 2010B Bonds:

Fiscal Year Ended April 30	Principal	Interest	Total
2011	$ 0.00	$ 2,997.67	$ 2,997.67
2012	35,000.00	8,301.26	43,301.26
2013	40,000.00	7,898.76	47,898.76
2014	35,000.00	7,348.76	42,348.76
2015	35,000.00	6,780.00	41,780.00
2016	40,000.00	6,080.00	46,080.00
2017	40,000.00	5,130.00	45,130.00
2018	40,000.00	4,030.00	44,030.00
2019	40,000.00	2,830.00	42,830.00
2020	45,000.00	1,530.00	46,530.00
Totals	$350,000.00	$52,926.45	$402,926.45

Series 2010C Bonds. The following schedule shows the principal and interest requirements for the Series 2010C Bonds:

Fiscal Year Ended April 30	Principal	Interest	Total
2011	$ 0.00	$ 14,068.89	$ 14,068.89
2012	120,000.00	38,960.00	158,960.00
2013	120,000.00	37,580.00	157,580.00
2014	125,000.00	35,930.00	160,930.00
2015	125,000.00	33,898.76	158,898.76
2016	130,000.00	31,398.76	161,398.76
2017	135,000.00	28,311.26	163,311.26
2018	135,000.00	24,598.76	159,598.76
2019	140,000.00	20,548.76	160,548.76
2020	145,000.00	15,998.76	160,998.76
2021	145,000.00	11,068.76	156,068.76
2022	155,000.00	5,812.50	160,812.50
Totals	$1,475,000.00	$298,175.21	$1,773,175.21

Series 2010D Bonds. The following schedule shows the principal and interest requirements for the Series 2010D Bonds:

Fiscal Year Ended April 30	Principal	Interest	Total
2011	$ 0.00	$ 28,758.89	$ 28,758.89
2012	240,000.00	79,640.00	319,640.00
2013	240,000.00	74,840.00	314,840.00
2014	250,000.00	71,540.00	321,540.00
2015	255,000.00	67,477.50	322,477.50
2016	260,000.00	62,377.50	322,377.50
2017	260,000.00	56,202.50	316,202.50
2018	265,000.00	49,052.50	314,052.50
2019	280,000.00	41,102.50	321,102.50
2020	285,000.00	32,002.50	317,002.50
2021	300,000.00	22,312.50	322,312.50
2022	305,000.00	11,437.50	316,437.50
Totals	$2,940,000.00	$596,743.89	$3,536,743.89

Series 2010E Bonds. The following schedule shows the principal and interest requirements for the Series 2010E Bonds:

Fiscal Year Ended April 30	Principal	Interest	Total
2011	$ 0.00	$ 3,085.69	$ 3,085.69
2012	25,000.00	8,545.00	33,545.00
2013	30,000.00	8,257.50	38,257.50
2014	30,000.00	7,845.00	37,845.00
2015	30,000.00	7,357.50	37,357.50
2016	25,000.00	6,757.50	31,757.50
2017	25,000.00	6,163.76	31,163.76
2018	30,000.00	5,476.26	35,476.26
2019	30,000.00	4,576.26	34,576.26
2020	30,000.00	3,601.26	33,601.26
2021	35,000.00	2,581.26	37,581.26
2022	35,000.00	1,312.50	36,312.50
Totals	$325,000.00	$65,559.49	$390,559.49

Overlapping General Obligation Bonded Debt

(As of April 1, 2010)

	Gross General Obligation Debt	Percentage of Debt Applicable to City	Amount Applicable to the City
McHenry County	$ 81,680,000	6.23%	$ 5,088,664
Woodstock Community School District #200	142,170,398	57.69	82,018,103
McHenry County Community College District #528	6,115,000	6.93	423,770
McHenry County Conservation District	146,400,000	6.23	9,120,720
TOTAL	$376,365,398		$96,651,257

Source: City's Comprehensive Financial Report for fiscal year ended April 30, 2009 and telephone surveys.

To the best knowledge of the City, there are no political subdivisions with boundaries overlapping the City or lying wholly within the City that have any general obligation bonds outstanding, other than those set forth above. However, political subdivisions may have ongoing programs requiring the issuance of bonds, the amounts of which cannot be determined at this time.

No Default

The City has no record of default and has met its debt repayment obligations promptly.

Alternate Revenue Sources

Fiscal Year Ended April 30	Sales Tax Receipts	Telecommunication Taxes	Library Fees and Taxes	Incremental Taxes
2006	$3,078,752	$1,028,411	$1,080,017	$370,008
2007	3,226,687	938,444	1,138,450	452,371
2008	3,714,590	990,996	1,361,898	546,980
2009	3,369,011	967,012	1,284,925	624,233

Source: City's Comprehensive Financial Reports.

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Waterworks and Sewerage System Revenues

	Fiscal Years Ended April 30		
	2007	2008	2009
REVENUES			
Charges for Services	$4,267,149	$ 4,342,440	$4,321,291
Miscellaneous	219,462	125,483	113,747
Total Revenues	$4,486,611	$ 4,467,923	$4,435,038
EXPENDITURES			
Operations			
Salaries	$1,301,573	$ 1,334,525	$1,231,463
Benefits	231,350	260,260	246,695
Personal Services	55,291	45,611	24,080
Commodities	537,589	558,344	550,381
Contractual Services	883,262	1,004,805	965,510
Other Services/Expenses	11,618	11,775	11,628
Improvements	118,265	393,496	364,148
Depreciation	1,374,779	1,458,352	1,452,751
Total Expenditures	$4,513,727	$ 5,067,168	$4,846,656
OPERATING INCOME/LOSS	$ (27,116)	$ (599,245)	$(411,618)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	$ 263,732	$ 359,056	$258,498
Connection Fees	3,046,880	1,298,663	268,101[(1)]
Gain on Sale of Fixed Assets	0	14,958	18,133
Interest Expense	(280,272)	(266,631)	(343,382)
Total Nonoperating Revenues (Expenses)	$3,030,340	$ 1,406,046	$201,350
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	$3,003,224	$ 806,801	$(210,268)
TRANSFERS			
Transfer In	$ 6,000	$ 6,000	$6,000
Transfer (Out)	(340,601)	(365,315)	(559,666)
Total Transfers	$(334,601)	$ (359,315)	$(553,666)
CONTRIBUTION OF WATER AND SEWER LINES	$4,426,034	$ 1,337,384	$734,431
CHANGE IN NET ASSETS	$7,094,657	$ 1,784,870	$(29,503)
FUND BALANCE, MAY 1	$26,299,356	$33,394,013	$35,080,519
Prior Period Adjustment	-	(98,364)	-
FUND BALANCE, MAY 1, RESTATED	-	$33,295,649	-
FUND BALANCE, APRIL 30	$33,394,013	$33,295,649	$35,051,016

(1) The large decrease in connection fees was a result of the slow down in the construction of new housing caused by the downturn in the economy.

Source: City's Audited Financial Statements.

* * *

APPENDIX B

AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS

The following is the Auditors' Report and Audited Financial Statements prepared by Sikich LLP, Aurora, Illinois of the City of Woodstock, McHenry County, Illinois, for the fiscal year ended April 30, 2009.

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CITY OF WOODSTOCK, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2009

Prepared by the Finance Department

Roscoe C. Stelford, III
Finance Director

William J. Straczek
Senior Staff Accountant

John R. Burns
Information Technician

Ruth Ann Lieb
Accountant

Cary Woodruff
Billing Coordinator

Sylvia Liedtke
Account Clerk

Tamara Buss
Cashier/Receptionist

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Woodstock
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Woodstock
Department of Finance
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121 W. Calhoun Street
Woodstock, Illinois 60098

Roscoe Stelford, III
Finance Director

November 24, 2009

The Honorable Mayor,
Members of the City Council, and
the Citizens of the City of Woodstock

The Comprehensive Annual Financial Report (CAFR) of the City of Woodstock for the fiscal year ended April 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentations, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Woodstock's MD&A can be found immediately following the report of the independent auditors.

The report includes all funds of the City. The City provides a full range of municipal services to its residents. Operating under its authority are the following departments:

- General Government
- Community and Economic Development
- Finance
- Human Resources
- Police
- Public Works
    - Administration
    - Fleet Maintenance
    - Paratransit
    - Parks
    - Sewage Treatment

- Public Works (Continued)
    - Sewer & Water Maintenance
    - Streets
    - Water Treatment
- Recreation and Municipal Swimming Pool
- Woodstock Opera House

In addition to general City activities, the Police Pension Employees Retirement System is blended with the City's funds and the Woodstock Public Library is reported as a discrete presentation in the CAFR using the criteria established by Government Accounting Standards Board Statement No. 14, *"The Financial Reporting Entity."*

History & Location

Our community was first established in 1844 and originally was called Centerville. In 1845, Centerville was renamed Woodstock. The City of Woodstock was incorporated in 1852 as a non-home rule municipality. Through the years, Woodstock has been honored to be named as an "All America City" in 1964 and became a "Certified City" in 1987. The City received recognition from the National Trust for Historic Preservation as one of twelve "Distinctive Destinations" for 2007, joining other award winning members including Providence, RI, New Orleans, LA, and Charlottesville, VA.

The City is located approximately 50 miles northwest of Chicago. Neighboring communities include Bull Valley, Crystal Lake, Harvard, Hebron, Huntley and McHenry. The City, which serves as the County Seat of McHenry County, has a population of 24,658 and covers approximately 12 square miles. The City of Woodstock operates under the Council/Manager form of government that combines the political leadership of an elected mayor and six (6) City Council members with the managerial experience of an appointed City Manager.

The City is located on Illinois Route 47 providing connection to Interstate 90 and access to downtown Chicago and surrounding suburban business districts. Domestic and international air service are provided by Chicago-O'Hare International Airport (within 40 miles) and Chicago Midway Airport (50 miles). Galt Airport (within 5 miles) provides general aviation to the area. The City is on the Chicago rail commuter line, with daily routes to metropolitan Chicago provided by Metra's Northwest Line. Union Pacific Railroad also provides rail service to the City.

Situated at the center of Woodstock's downtown is the historic Woodstock Square. The brick-paved streets within the square provide access to many specialty shops and restaurants. The City's historic downtown square was named in 2007 as one of the American Institute of Architects "150 Great Places in Illinois." In addition, the Woodstock Square is listed on the National Registry of Historic Places. The City's Opera House is also located in the Square providing a unique cultural experience to those living in Woodstock and members of the surrounding communities. The Opera House was constructed in 1890 and entertains more than 160,000 visitors annually. During the summer months, free band concerts occur weekly in the park located in the center of the square. The Woodstock Square continues to preserve our heritage and history for this distinctive community.

Economic Condition and Outlook

The U.S. economy has continued to falter, in FY08/09, entering into an official recessionary period. Demand for new housing has declined rapidly throughout the region and the City of Woodstock is no exception. The number of building permits issued in FY08/09 reached a 20-year record low and corresponding reductions to all building-related revenues have followed as a result. In addition, falling consumer confidence has presented the City with a set of unique financial challenges for the upcoming fiscal year. The rate of unemployment continued to increase within the State of Illinois, which has minimized the positive financial impact from the recent completion of the special census. The Federal government has implemented a stimulus package that the overall impact is still waiting to be determined. The City will continue to rely upon its diverse commercial/industrial base to provide adequate revenues to address the residents' needs for public services.

Major Initiatives

For the 2008/2009 Fiscal Year

Due to prudent fiscal management, the City was able to implement a variety of targeted expenditure reductions that resulted in a positive financial benefit to the City by reducing the anticipated deficit within the General Fund by over 50%. The City will need to continue to remain focused on controlling its expenditures and providing basic services to minimize the need to utilize the General Fund's fund balance during this fiscal crisis. The General Fund ended FY08/09 with sufficient reserves to allow the City some flexibility during this economic downturn and provide the necessary buffer in the event of an unforeseen emergency. In addition, these balances contribute directly to the financial well-being of the City by providing additional revenue in the form of investment earnings.

Major initiatives during the 2008/2009 fiscal year included:

1.) The largest expenditure for any single project incurred in FY08/09 was the utilization of alternate revenue bond proceeds to construct a renovation and modernization of the City's First Street Water Treatment Plant. The completion of this project will allow the City to continue to comply with stringent IEPA water standards, as well as, provide a slight increase to the plant's overall capacity.

2.) In response to a severe mid-year economic downturn, the City instituted a variety of cost containment measures to limit the need to utilize fund balance for operations in FY08/09. Several major capital improvement projects were placed on hold and a hiring freeze was implemented in the middle of FY08/09. By the end of the fiscal year, eleven positions remained unfilled and are expected to generate in excess of $600,000 in annual savings.

This preventive measure helped limit the utilization of fund balance required for the current fiscal year.

3.) The City's bond rating received by Standard and Poors was upgraded from a rating of A+ to AA-. This rating upgrade was important as the City did issue $3.4 million in alternate revenue bonds in FY08/09 and received the benefit from reduced interest rates, as overall bond insurance proved to be an unbeneficial option due to the bailouts required by one of the leading insurers, AIG.

4.) With the expiration of the City's only bargaining unit's contract at the end of FY07/08, the City was able to negotiate an extension through the end of FY09/10. The completion of these negotiations has allowed the City to determine the financial impact on the upcoming fiscal year's budget and make the appropriate reductions within other areas to compensate. In addition, the Police union contract recognizes the importance of wellness and has adopted an employee contribution based on a combination of wellness incentives and percentage cost sharing.

5.) In the area of health insurance, the City completed a review of its employee health insurance plan and initiated a modification to the existing PPO provider. The financial analysis indicates improved coverage and deeper discounts by converting from PHCS to Aetna as the PPO provider. The change in PPO providers is expected to derive an estimated $100,000 in annual savings.

For the Future

The challenges and issues facing the City of Woodstock are numerous and great. As has been highlighted in past years, the City of Woodstock, like other Illinois municipalities, is being required to assume a disproportionate share of the burden of what the State refers to as "tax reform" that significantly reduces the City's capacity to meet its' local service requirements. As property taxes and state shared revenues remain constant, local officials must closely scrutinize proposals calling for additional City tax dollars, to assure that all services are being planned and provided within acceptable funding levels. The goal of doing more with less continues to be a major focus for all of the operating departments within the City of Woodstock's organizational structure. Major projects for the future include:

1.) The Woodstock Theater located within the City's historic downtown has proposed an expansion to its facility. The City Council has approved the sale of the adjacent public parking lot and the property owner has acquired the necessary neighboring buildings to complete the proposed expansion. This proposed development will undoubtedly generate additional traffic to the City's historic downtown and benefit many of the surrounding businesses, as well as help retain dollars within the local economy.

2.) The City will be implementing an Administrative Adjudication function to facilitate expedited resolution of code violations. This process will allow additional latitude to the Police Department regarding matters that involve juveniles that would normally be processed through the County's court system. Violations processed by Administrative

Adjudication can only be for matters that do not involve the potential for jail time. This process has already resulted in an increase in compliance by residents with the City Code.

3.) Another project proposed within the FY09/10 Budget involves a partnership with the Woodstock Fire/Rescue District that would result in the elimination of a long standing franchise with ADT Security for the monitoring of the local fire/burglar alarms. The Police Department's Dispatch Center currently provides the manpower for these monitoring services utilizing hard-wired phone lines and equipment provided by ADT. The City will be moving forward with the purchase of wireless equipment that will allow for the elimination of the hard-wired phone lines and the ADT equipment and provide the opportunity for direct billing of the customers. The revenues generated from this project are expected to pay for the associated equipment and provide additional funding to offset the City's dispatch costs.

4.) In the upcoming fiscal year, the City will not only address the necessary funding required for day-to-day operations and future capital acquisitions, but also focus on the importance of maintaining the City's water supply and insuring adequate funding is provided for the development of future wells that will be required to support upcoming growth in the community. The FY09/10 Budget includes the completion of the renovation and modernization currently ongoing at the First Street Water Treatment Plant. This project, although not necessarily intended to increase capacity, will provide a variety of positive benefits for the community, as well as include the installation of more efficient and cost-effective equipment that is overall beneficial to the environment.

5.) Housing starts nationwide have fallen and continue to weaken in FY09/10 as the rising number of foreclosures add to the existing housing inventories further reducing demand for new housing. Building permit revenues, impact fees, connection charges and developer donations are all expected to struggle as the number of new homes constructed within the community fall to twenty-five year lows. The City will need to carefully evaluate and prioritize its capital improvement program to properly utilize the limited funding that will be available.

Another major focus for the City will need to be directed at maintaining its local economy and developing a diversified business base capable of supporting job growth, commercial and industrial development, and tourism. These activities also contribute to an expanded tax base and generate additional tax revenues for the City. The critical review of all proposed projects, whether they are residential, commercial, or industrial, is an ongoing practice with the City's administration. Maintaining the high quality of life that is enjoyed by our residents is a goal that the City's administration and our elected officials believe should not be compromised.

Financial Information

Internal Controls

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Budgeting Controls

In addition to the aforementioned, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Fund, Internal Service Fund, and Pension Trust Fund are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund and at the fund level for all other funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Woodstock continues to meet its responsibility for sound financial management.

Pension Trust Fund Operations

The operations of the Police Pension Employees Retirement System (PPERS) has seen a significant reduction in the market value of its investments, as the equity markets experienced a dramatic downturn as a result of a loss in investor confidence. The City did have one employee elect to retire in the current fiscal year, which will increase the benefit payments in the upcoming year. The combination of declining market values for investments with an increase to the actuarial accrued liability has resulted in a decline in the overall funded status of the PPERS. Over the years the Police Pension Trust Fund has shifted from investing in U.S. Treasury Securities to investing in equities, mutual funds, and corporate bonds to improve its overall return.

Cash Management

Cash temporarily idle during the year is invested in the Illinois Public Treasurer's Investment Pool located in Springfield, collateralized certificates of deposits and money market funds with local financial institutions. The investment decisions for the Police Pension Fund are the responsibility of the Police Pension Board. The Board makes use of several investment advisors. In the past, the Pension Fund typically invested in obligations of the U.S. Treasury. However, in recent years, the Police Pension Board has adopted a more aggressive investment strategy and has invested in the equity markets relying on diversification to enhance investment earnings.

Risk Management

The City of Woodstock participates in the McHenry County Municipal Risk Management Association (McMRMA). This organization, which is comprised of eight (8) units of local government within McHenry County, provides property and workers compensation coverage to all member governments. The pooling of self-insurance by local communities within the County has proven to be a viable method to stabilize insurance premium costs (which in past years have fluctuated greatly) and to implement on-going risk control techniques. A City staff member serves as Treasurer for this organization.

Employee health insurance is also partially self-insured. The City does purchase reinsurance to protect against major claims on a specific basis.

Other Information

Independent Audit

Illinois State Statutes require an annual audit be performed by independent certified public accountants. The accounting firm of Sikich LLP was selected by the City Council for the fiscal year 2008/2009 audit. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The City's auditors, Sikich LLP, have expressed an unqualified audit opinion on the City's financial statements indicating that the financial presentations included within this report materially comply with Generally Accepted Accounting Principles.

Awards

The City of Woodstock has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended April 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this report continues to conform with the Certificate of Achievement program requirements.

Acknowledgments

The preparation of the comprehensive annual financial report on a timely basis was made possible by the staff of the Finance Department. I express my sincere appreciation to John Burns, Tamara Buss, Ruth Ann Lieb, Sylvia Liedtke, William Straczek and Cary Woodruff for their dedication and hard work which makes the preparation of this report possible. I would also like to express gratitude to Timothy Clifton, City Manager, for his guidance and wisdom during my tenure with the City. In addition, the hard work and team efforts provided by all of the City's departments should be commended.

Honorable Mayor, City Council Members
and Citizens of Woodstock
November 24, 2009

In closing, without the leadership and on-going support of Mayor Brian Sager and the City Council, preparation of this report would not have been possible.

Respectfully submitted,

Roscoe C. Stelford, III
Finance Director

FINANCIAL SECTION

Certified Public Accountants & Advisors

Sikich™

Members of American Institute of
Certified Public Accountants

998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and City Council
City of Woodstock, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodstock, Illinois (the City), as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Woodstock, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodstock, Illinois, as of April 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 City of Woodstock, Illinois' basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the information contained in the introductory and statistical sections and accordingly, do not express an opinion thereon.

Sikich LLP

Aurora, Illinois
November 24, 2009

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

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CITY OF WOODSTOCK, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2009

As the management of the City of Woodstock (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which may be found on pages IV through XI of this report.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

In the past, the primary focus of local government financial statements has been summarized fund type information on a current financial resources basis. With this report, this approach has been modified and the City's financial statements now present two kinds of statements, each with a different snapshot of the City's finances. The focus of the new financial statements is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Government-Wide Financial Statements
The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City'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 City 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 of the 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., earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, and interest. The business-type activities of the City are limited to the water and sewer system.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Woodstock Public Library (the "Library"). The City is financially accountable for the Library but the Library has a separate governing board. Because the Library is a component unit, its financial information is reported separately from the financial information of the City.

The government-wide financial statements can be found on pages 3 through 5 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 City maintains 18 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, Police Protection Fund, Illinois Municipal Retirement Fund and Capital Improvements Fund, all of which are considered to be "major" funds. Data from the other 14 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for all governmental and business-type funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with the annual budget.

The basic governmental fund financial statements can be found on pages 6 through 9 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City reports one enterprise fund to account for its water and sewer system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the costs of health insurance. Because the City's costs for these items relate primarily to governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 10 through 13 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three fiduciary funds, with the Police Pension Fund used to account for the Police Officer's pension benefits, the Escrow Agency Fund accounting for funds held on behalf of other third parties, and the Special Service Area #7 Bond Agency Fund, which accounts for funds held on behalf of the respective bondholders.

The basic fiduciary fund financial statements can be found on pages 14 through 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on pages 60 through 72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73 through 102 of this report.

GOVERNMENT-WIDE STATEMENTS

Net Assets

The following table reflects the condensed Statement of Net Assets.

Table 1
Statement of Net Assets
As of April 30, 2009
(in millions)

	Governmental Activities		*Business-Type Activities*		*Total Primary Government*	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*
Current and Other Assets	$ 18.4	$ 18.7	$ 10.5	$ 8.2	$ 28.9	$ 26.9
Capital Assets	82.2	84.3	34.5	33.9	116.7	118.2
Total Assets	100.6	103.0	45.0	42.1	145.6	145.1
Long-Term Liabilities	18.8	20.1	9.6	6.7	28.4	26.8
Other Liabilities	8.8	8.7	0.3	0.3	9.1	9.0
Total Liabilities	27.6	28.8	9.9	7.0	37.5	35.8
Net Assets:						
Invested in Capital Assets, Net of Debt	66.1	66.7	28.9	27.4	95.0	94.1
Restricted	3.3	2.5	0.7	0.7	4.0	3.2
Unrestricted	3.6	5.0	5.5	7.0	9.1	12.0
Total Net Assets	$ 73.0	$ 74.2	$ 35.1	$ 35.1	$ 108.1	$ 109.3

The City's combined net assets decreased from $109.3 to $108.1 million during 2009. The entire decrease of $1.2 million was attributable to governmental activities and represents the impact from the significant downturn in the economy on the City's resources. Business-type activities reported a reduction in the unrestricted net assets compared with the prior year in response to the utilization of existing resources to construct capital system improvements and the acceptance of water and sewer system infrastructure assets from new developments.

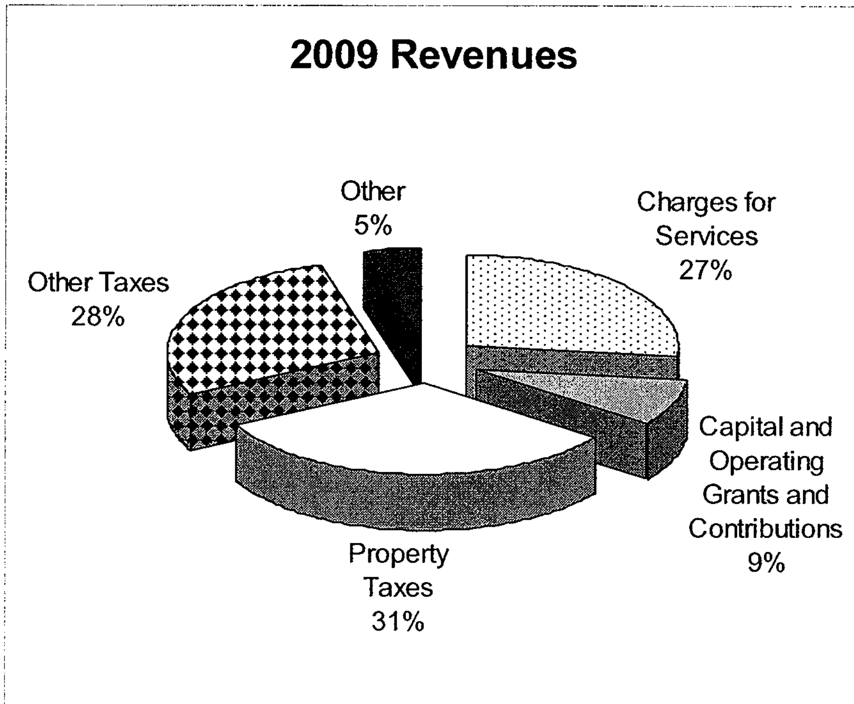
For more detailed information, see the Statement of Net Assets on page 3.

Activities

The table presented on the following page summarizes the revenue and expenses of the City's activities.

Table 2
Changes in Net Assets
For the Fiscal Year Ended April 30, 2009
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charges for Services	$ 2,120.4	$ 3,968.0	$ 4,435.0	$ 4,467.9	$ 6,555.4	$ 8,435.9
Operating Grants	669.2	690.3	268.1	1,298.7	937.3	1,989.0
Capital Grants	438.4	3,176.1	734.4	1,337.4	1,172.8	4,513.5
General Revenues:						
Property Taxes	7,969.1	7,360.6	-	-	7,969.1	7,360.6
Other Taxes	6,946.5	7,119.8	-	-	6,946.5	7,119.8
Other	850.0	1,034.0	276.7	374.0	1,126.7	1,408.0
Total Revenues	18,993.6	23,348.8	5,714.2	7,478.0	24,707.8	30,826.8
EXPENSES						
General Government	4,347.9	5,138.1	-	-	4,347.9	5,138.1
Public Safety	6,248.5	5,961.7	-	-	6,248.5	5,961.7
Highways and Streets	5,329.1	4,989.8	-	-	5,329.1	4,989.8
Culture and Recreation	4,135.5	4,296.3	-	-	4,135.5	4,296.3
Water and Sewer	-	-	5,190.0	5,333.8	5,190.0	5,333.8
Interest on Long-Term Debt	762.6	805.1	-	-	762.6	805.1
Total Expenses	20,823.6	21,191.0	5,190.0	5,333.8	26,013.6	26,524.8
Excess Before Transfers	(1,830.0)	2,157.8	524.2	2,144.2	(1,305.8)	4,302.0
Transfers In (Out)	553.7	359.3	(553.7)	(359.3)	-	-
Change in Net Assets	$ (1,276.3)	$ 2,517.1	$ (29.5)	$ 1,784.9	$ (1,305.8)	$ 4,302.0
Net Assets, May 1	$ 74,240.7	$ 34,772.7	$ 35,080.5	$ 33,394.0	$ 109,321.2	$ 68,166.7
Prior Period Adjustment	-	36,950.9	-	(98.4)	-	36,852.5
Net Assets, April 30	$ 72,964.4	$ 74,240.7	$ 35,051.0	$ 35,080.5	$ 108,015.4	$ 109,321.2



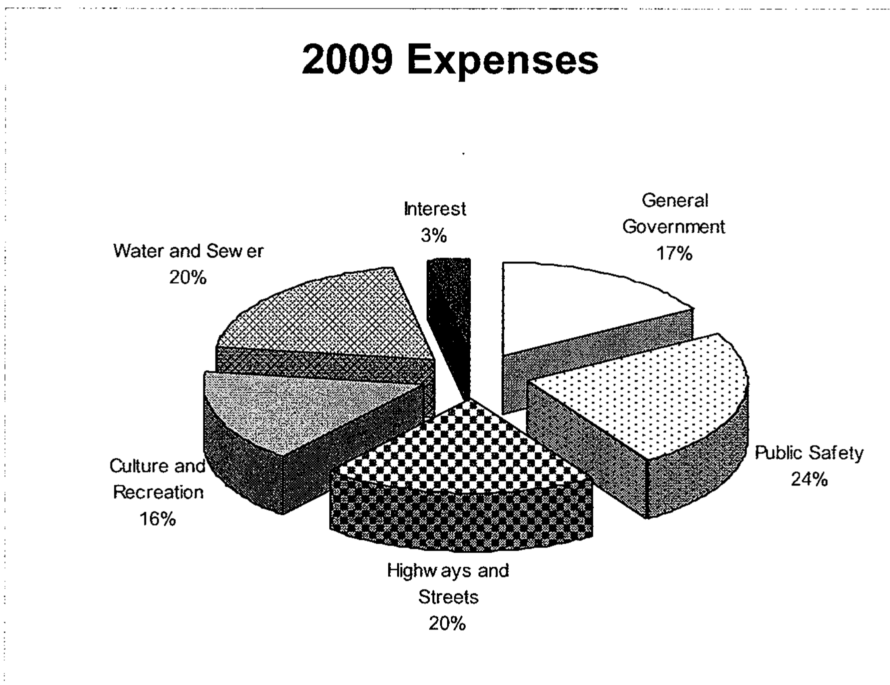
For the fiscal year ended April 30, 2009, revenues totaled \$24.7 million. The City benefits from a highly diversified revenue base. Revenues from the City's largest single source, property taxes, amounted to over \$7.9 million. Property taxes support governmental activities and include the City's contribution to the Police Pension Fund. Between 2008 and 2009, property tax revenues increased by 8.3% due to higher equalized assessed values (EAV) of property located within the City and a 4.1% inflation factor utilized to determine the property tax cap. The City's property tax rate was to \$1.35 per \$100 of EAV.

The "other taxes" classification includes a number of different revenue sources. Among those are sales taxes, income taxes, and motor fuel taxes. The City receives a portion of the Retailer's Occupation Tax (ROT) which is collected by the State of Illinois. A portion of the ROT is shared by the state with its municipalities based upon the point of sale. The State increased this rate last year to include an additional 0.50% that will be utilized to fund the Regional Transportation Authority, as well as County transportation needs. With this increase, the ROT is at 7.0%, and the equivalent of a 1.0% tax rate is remitted to the City of Woodstock. The State-shared sales taxes are recorded only within the General Fund.

In 2009, State-shared sales tax revenues were \$3.4 million compared to \$3.7 million in 2008. Sales taxes were negatively impacted by the significant downturn in the overall economy, resulting in declining sales within the local region. Income taxes are also shared by the state, but on a per-capita basis. Between 2008 and 2009, the City's income tax revenues increased from \$2.3 to \$2.5 million. This increase is due to the completion of a special census that was partially offset by rising unemployment and declining collections of state-shared income taxes.

The major revenue component of the "charges for services" classification is fees from the City's water and sewer utility. Water and sewer fee revenue was approximately $4.4 million in 2009, posting a small reduction compared with the amount reported last year. Wet weather conditions and increased efforts to educate the community concerning the importance of water conservation were the main factors that impacted this revenue source.

Charges for services, operating grants and capital grants reported within the governmental activities were all significantly impacted by the downturn experienced in new housing. Overall, building permits issued for FY08/09 fell to a twenty-year low, with less than 30 permits issued for the entire fiscal year compared with the 250+ permits issued in the previous fiscal year. In addition, the lack of development has also resulted in the minimal donation of infrastructure assets that typically impact the capital grant activity reported within the governmental and business-type activities.



Woodstock's expenses amounted to a total of $26.0 million in 2009. General Government expenses include the costs of the City's administrative departments (e.g., City Manager's Office, Finance, Human Resources, Public Works Administration and Business Development), as well as Community and Economic Development and Fleet Maintenance functions. General Government expenses ended the year at $4.3 million and reported a decline of almost $800,000 compared with the prior year. In accordance with GASB Statement 34, the expenses reported above include depreciation expense for governmental activities. In addition, the City has allocated the costs for liability insurance, pensions, social security and medicare to the corresponding functions, instead of reporting the entire amount within the General Government Function.

Public Safety expenses, which represent the operations of the Police Department accounted for \$6.2 million in expenses, representing the City's largest expense category and consisting of 23% of the total expenses for all activities.

Culture and Recreation expenses, which include costs for the City's Recreation Department, Parks Department, Aquatic Center, NISRA, Opera House, Café and the Community Recreation Center ended the year at \$4.1 million, a savings of \$160,000 when compared with the prior year. While Highways and Streets expenses, which include the City's Streets Department and Motor Fuel Tax Fund exceeded \$5.3 million at year end. Highway and Street expenses increased by \$330,000 in 2009 and reflect the additional costs incurred for maintaining the City's streets during several major winter events, as well as a substantial increase in the costs for roadway salt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At April 30, 2009, the governmental funds had a combined fund balance of \$9.0 million. This represents a decrease of \$0.1 million from the prior year, which is primarily due to an erosion of the City's economically-dependent revenue sources that have been impacted significantly by the onset of a recessionary climate. Summarized results for the General Fund are provided below.

Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended April 30, 2009
(in millions)

	Original Budget	*Amended Budget*	*Actual*
REVENUES AND TRANSFERS			
Taxes	$ 8.634	$ 8.634	$ 8.098
Licenses & Permits	0.431	0.431	0.238
Charges for Services	0.484	0.484	0.468
Investment Income	0.175	0.175	0.212
Miscellaneous	0.071	0.071	0.066
Transfer In	0.387	0.387	0.375
Total Revenues and Transfers	10.182	10.182	9.457
EXPENDITURES AND TRANSFERS			
Expenditures	5.132	5.582	5.532
Transfers Out	5.050	5.050	4.662
Total Expenditures and Transfers	10.182	10.632	10.194
Change in Fund Balance	$ -	$ (0.450)	$ (0.737)

With a decrease of $737,000 to fund balance, the General Fund was negatively impacted by several factors including rising costs for salt used to treat the roadways, a substantial number of snow events, which required the payment of overtime and a decline in revenues from a significant reduction in the number of building permits issued combined with a general reduction experienced within economically-driven revenues from the recessionary economy. Tax revenues were 6.2% below the original budget amount, not meeting expectations for 2009, with sales taxes reporting the largest decline in FY08/09, accounting for $430,000 in reduced revenues. Expenditures were 0.8% under the final budget and were impacted by increased expenditures to maintain the City's highways from several severe winter events as well as the aforementioned increase in the costs for roadway salt resulting in an additional $400,000 in expenditures. The positive net result of revenues over expenditures, before transfers, was $3.6 million. The City's largest operating transfer was provided to offset the operating costs incurred within the Police Protection Fund. Normal transfers were also provided to the Public Parks, Paratransit and Performing Arts Funds to offset the difference in revenues collected for these activities versus the expenses required to provide these services, as well as the Debt Service Fund to meet bond repayment requirements.

Overall, the City has reduced expenditures in a variety of areas and has implemented a hiring freeze to offset the decline in revenues. At the end of the fiscal year, the City had ten open positions that continue to remain unfilled and has increased over that time to fifteen open positions, with only "mission-critical" positions being filled on an as needed basis. The savings from the hiring freeze alone will generate over $650,000 in reduced expenditures for FY09/10.

The Police Pension Fund reported a $1.9 million reduction to net assets as the significant market value reductions reported for equity securities reduced the overall holdings reported within this fund. These reductions will have a long-term impact on the City's employer contribution for the proper funding of these benefits. While, as previously mentioned, the Motor Fuel Tax Fund's fund balance reported a negative balance at year end as a result of the almost 300% increase in the costs of roadway salt. The Capital Improvements Fund reported a small decrease of $43,500 to fund balance, which represents the decline in building activity revenues that are typically utilized to fund these projects. The City did place a number of capital improvement projects on hold until the economy begins to demonstrate signs of improvement.

With respect to the business-type activities, the Water and Sewer Fund posted a small utilization of net assets at year end. Water and sewer revenues ended the year at $5.7 million, a decrease of $1.8 million compared to the prior year. Conversely, the City was able to reduce expenses, reporting a reduction of over $100,000. The end result was an overall decrease to net assets of $30,000. The decline in revenues was from a significant reduction in both donations of water and sewer lines from new developments and the receipt of impact fees, as the number of building permits issued for new housing construction have been negatively impacted by several substantial economic factors. Operating margins are necessary in the fund to provide the ability to expand the City's water production and distribution system to keep pace with the water needs of a growing population.

The Woodstock City Council approved a number of budget amendments during the year. A summary of the content of those amendments follows.

- Budget Amendment No. 1 authorized increased funding to allow for the purchase of roadway salt to be used to maintain the City's roadways during the winter months.
- Budget Amendment No. 2 authorized the completion of engineering services for roadway improvements to South Street that would allow the City to obtain over $500,000 in construction funding for the completion of these improvements.

The remaining budget amendments were to provide for unforeseen expenditures or project modifications that were approved throughout the fiscal year.

Capital Assets

The following schedule reflects the City's capital asset balances as of April 30, 2009.

Table 4
Capital Assets
As of April 30, 2009
(in millions)

	Governmental Activities		*Business-Type Activities*		*Total*	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*
Land and Land Improvements	$ 38.8	$ 35.7	$ 0.1	$ 0.1	$ 38.9	$ 35.8
Buildings and Improvements	19.7	19.7	12.1	12.0	31.8	31.7
Equipment	5.8	5.9	16.8	16.9	22.6	22.8
Infrastructure	50.0	49.4	23.9	23.1	73.9	72.5
Construction in Progress	0.9	3.6	1.2	0.1	2.1	3.7
Less:						
Accumulated Depreciation	(33.0)	(30.0)	(19.6)	(18.3)	(52.6)	(48.3)
Total	$ 82.2	$ 84.3	$ 34.5	$ 33.9	$ 116.7	$ 118.2

At year-end, the City's investment in capital assets for both its governmental and business-type activities was $116.7 million (net of accumulated depreciation).

Major capital asset events during FY08/09 included the following.

- Replacement of existing equipment, purchase of new equipment, and completion of infrastructure and land improvements resulted in the addition of $0.9 million to fixed assets.
- Acceptance of new water, sanitary sewer, storm sewer and roadway infrastructure from developers amounted to $1.2 million.

- The completion of a $2.9 million project, the bulk of which was previously reported as construction-in-progress in the prior year, for the new Merrymen Fields Park that has been funded by the issuance of Alternate Revenue Bonds.
- The construction of $1.2 million in improvements to the City's First Street Water Treatment Plant that will be completed in FY09/10.

For more information on the City's capital assets, see Note 5 in the notes to the financial statements.

Long-Term Debt

The table below summarizes the City's bonded and similar indebtedness.

Table 5
Bonded and Similar Indebtedness
As of April 30, 2009
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	$ 3.1	$ 3.3	$ -	$ -	$ 3.1	$ 3.3
Alternate Revenue Bonds	13.5	14.3	9.4	6.5	22.9	20.8
Landfill Closure Costs	0.9	1.0	-	-	0.9	1.0
Compensated Absences	1.7	1.5	0.2	0.3	1.9	1.8
Total	$ 19.2	$ 20.1	$ 9.6	$ 6.8	$ 28.8	$ 26.9

As of April 30, 2009, the City had a total of $26.0 million in bonded indebtedness outstanding. Of this amount, $3.1 million was in the form of General Obligation Bonds backed by the full faith and credit of the City government. The debt service for the General Obligation Bonds are repaid using a dedicated component of the City's property tax levy. The Alternate Revenue Bonds are repaid using specific revenues sources pledged at the time of issuance. Also outstanding at the end of 2009 were $22.9 million of Alternate Revenue Bonds. This classification of bonded indebtedness included water and sewer, police facility, opera house, environmental management, park development, recreation center and tax increment revenue bonds.

Water and sewer service fees charged to the City's residents and businesses are paying the debt service on the water and sewer bonds. Telecommunication taxes collected from residents are used to repay the police facility revenue bonds, while the Opera House revenue bonds are repaid using ticket surcharges and fundraising events. The Recreation Center's Alternate Revenue Bonds are funded through the monthly membership dues collected by this facility and supplemented through the use of park impact fees collected from new developments. Incremental property taxes generated in the City's Tax Increment Financing (TIF) District in the downtown are being used to pay the debt service on the City's Tax Increment Revenue Bonds. These bonds provided the resources to complete infrastructure improvements to the Die Cast site to prepare it for future residential/commercial development, as well as refinance an outstanding bank note to obtain a lower rate of interest.

The most recent Alternate Revenue Bonds were issued in FY08/09 to finance the renovation, upgrade and modernization of the First Street Water Treatment Plant. The related debt service will be repaid utilizing existing user charges reported within the Water and Sewer Fund.

In addition to the aforementioned bonded indebtedness, the City has an outstanding liability of $0.9 million to pay for future landfill maintenance costs. The landfill cover was installed in 2000 and will need to be maintained and monitored over a 30-year period. This liability is based on landfill use to date. Therefore, the City reports a 100% of the anticipated costs to maintain the landfill for the remaining 20 years. These costs may vary in future years due to inflation and changes in technologies or regulations.

The City's bond indebtedness was recently upgraded by Standard and Poor's Ratings Services from the historical A+ rating to an AA- rating. In accordance with Illinois State Statute, the City of Woodstock's legal debt margin is based on 8.625% of the City's assessed value or $56,935,245. After taking into account the City's outstanding general obligation bonds, the available legal debt margin will end FY08/09 at $53,865,245.

For more detailed information on the City's bonded and similar indebtedness, see Note 6 in the notes to the financial statements.

Economic Factors

The City's property tax base possesses significant commercial and industrial components. The value of commercial and industrial properties comprised 18.2 % and 6.6%, respectively, of the City's total 2008 EAV of $656.3 million. The 2000 census found that 90.1% of residential properties had a value of $100,000 or more. The 2000 census also found that the median income of families living in the City was $47,781. This is $5,877 more than the U.S. median income of $41,994 or 14.0% higher. Property taxes imposed on property within the City's corporate limits provide a stable revenue source. The property of the City's ten largest taxpayers during 2008 accounted for only about 5.7% of the City's total EAV.

The City receives revenue from a variety of other sources other than property taxes. Several major sales tax generators exist within the community. These include the largest Harley Davidson dealer in Northern Illinois, Super Wal-Mart, Menards, Jewel/Osco, Wisted's, Farm and Fleet, downtown square merchants, and Kmart.

A special census of the City was completed at the end of FY03/04. The census found that the population of Woodstock had increased from the 2000 census recorded population of 20,161 to

21,657. Putting the increased population on record has entitled the City to larger portions of state-shared revenue such as income taxes and motor fuel taxes. The City recently completed another special census at the very end of FY07/08 that resulted in an additional 3,001 residents, which will provide a long-term positive impact for future revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Roscoe Stelford, Director of Finance, City of Woodstock, 121 W. Calhoun Street, Woodstock, IL 60098.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Woodstock Public Library
ASSETS				
Cash and Investments	$ 7,544,668	$ 4,030,502	$ 11,575,170	$ 1,151,193
Cash with Paying Agent	-	45,168	45,168	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	8,128,280	-	8,128,280	1,242,043
Accounts	-	731,186	731,186	-
Interest	143,748	73,813	217,561	13,215
Other	166,085	-	166,085	-
Due from Other Governments	1,433,949	-	1,433,949	29,831
Due From Other Funds	1,053	(1,053)	-	-
Prepaid Items	5,600	-	5,600	-
Restricted Cash and Investments	-	5,163,636	5,163,636	-
Deferred Charges	183,170	441,668	624,838	46,122
Net Pension Assets	755,497	-	755,497	-
Capital Assets				
Non-depreciable	30,902,710	1,337,859	32,240,569	445,235
Depreciable, Net of Accumulated Depreciation	51,345,921	33,158,917	84,504,838	4,735,737
Total Assets	100,610,681	44,981,696	145,592,377	7,663,376
LIABILITIES				
Accounts Payable	183,993	129,843	313,836	55,823
Accrued Payroll	135,829	17,296	153,125	11,413
Claims Payable	89,756	-	89,756	-
Interest Payable	228,804	143,062	371,866	44,096
Unearned Revenue	8,192,088	-	8,192,088	1,242,043
Due to Other Governments	14,849	-	14,849	-
Noncurrent Liabilities				
Due Within One Year	1,878,365	763,210	2,641,575	320,400
Due in More than One Year	16,922,591	8,877,269	25,799,860	2,750,087
Total Liabilities	27,646,275	9,930,680	37,576,955	4,423,862
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	66,069,290	28,710,497	94,779,787	2,185,972
Restricted for				
Audit	23,895	-	23,895	-
Tort Liability	799,000	-	799,000	-
Debt Service	-	672,465	672,465	52,845
Maintenance of Roadways	-	-	-	-
Pension Contributions	213,641	-	213,641	-
Culture and Recreation	163,582	-	163,582	-
Economic Development	1,346,399	-	1,346,399	-
Environmental Management	572,012	-	572,012	-
Tourism	139,829	-	139,829	-
Unrestricted	3,636,758	5,668,054	9,304,812	1,000,697
TOTAL NET ASSETS	$ 72,964,406	$ 35,051,016	$ 108,015,422	$ 3,239,514

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 4,347,894	$ 251,022	$ -	$ -
Public Safety	6,248,485	503,466	13,582	-
Highways and Streets	5,329,160	98,512	649,341	428,132
Culture and Recreation	4,135,519	1,267,362	6,259	10,250
Interest	762,575	-	-	-
Total Governmental Activities	20,823,633	2,120,362	669,182	438,382
Business-Type Activities				
Water and Sewer	5,190,038	4,435,038	268,101	734,431
Total Business-Type Activities	5,190,038	4,435,038	268,101	734,431
TOTAL PRIMARY GOVERNMENT	$ 26,013,671	$ 6,555,400	$ 937,283	$ 1,172,813
COMPONENT UNIT				
Woodstock Public Library	$ 1,785,824	$ 432,901	$ 29,831	$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Woodstock Public Library
	$ (4,096,872)	$ -	$ (4,096,872)	$ -
	(5,731,437)	-	(5,731,437)	-
	(4,153,175)	-	(4,153,175)	-
	(2,851,648)	-	(2,851,648)	-
	(762,575)	-	(762,575)	-
	(17,595,707)	-	(17,595,707)	-
	-	247,532	247,532	-
	-	247,532	247,532	-
	(17,595,707)	247,532	(17,348,175)	-
	-	-	-	(1,323,092)
General Revenues				
Taxes				
Property and Replacement	7,969,137	-	7,969,137	1,226,086
Sales	3,369,011	-	3,369,011	-
Telecommunications	967,012	-	967,012	-
Income	2,512,549	-	2,512,549	-
Hotel/Motel	97,976	-	97,976	-
Investment Income	444,316	258,498	702,814	53,739
Franchise Fees	233,323	-	233,323	-
Miscellaneous	172,471	18,133	190,604	-
Transfers	553,666	(553,666)	-	-
Total	16,319,461	(277,035)	16,042,426	1,279,825
CHANGE IN NET ASSETS	(1,276,246)	(29,503)	(1,305,749)	(43,267)
NET ASSETS, MAY 1	74,240,652	35,080,519	109,321,171	3,282,781
NET ASSETS, APRIL 30	$ 72,964,406	$ 35,051,016	$ 108,015,422	$ 3,239,514

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2009

	General	Police Protection	Illinois Municipal Retirement	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 956,552	$ 144	$ 229,781	$ 3,181,045	$ 3,177,146	$ 7,544,668
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)						
Property Taxes	2,250,674	1,368,934	1,306,186	-	3,202,486	8,128,280
Accrued Interest	67,795	-	2,820	38,934	34,199	143,748
Other	121,524	27,680	-	-	16,449	165,653
Due From Other Governments	1,150,864	-	-	233,845	49,240	1,433,949
Due From Other Funds	291,877	35,190	-	-	49,627	376,694
TOTAL ASSETS	$ 4,839,286	$ 1,431,948	$ 1,538,787	$ 3,453,824	$ 6,529,147	$ 17,792,992
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 57,968	$ 12,077	$ -	$ 27,322	$ 86,626	$ 183,993
Accrued Payroll	47,354	50,937	18,960	-	18,578	135,829
Deferred Property Taxes	2,250,674	1,368,934	1,306,186	-	3,202,486	8,128,280
Deferred Revenue	6,424	-	-	-	57,384	63,808
Due to Other Funds	80,916	-	-	-	196,764	277,680
Due to Other Governments	-	-	-	14,849	-	14,849
Total Liabilities	2,443,336	1,431,948	1,325,146	42,171	3,561,838	8,804,439
FUND BALANCES						
Reserved for Audit	-	-	-	-	23,895	23,895
Reserved for Tort Liability	-	-	-	-	799,000	799,000
Reserved for Pension Contributions	-	-	213,641	-	-	213,641
Reserved for Culture and Recreation	-	-	-	-	163,582	163,582
Reserved for Hotel/Motel Tax	-	-	-	-	139,829	139,829
Reserved for Economic Development	-	-	-	-	1,346,399	1,346,399
Reserved for Environmental Management	-	-	-	-	572,012	572,012
Unreserved						
Undesignated - General	2,395,950	-	-	-	-	2,395,950
Undesignated - Special Revenue	-	-	-	-	57,556	57,556
Undesignated - Debt Service	-	-	-	-	(134,964)	(134,964)
Undesignated - Capital Projects	-	-	-	3,411,653	-	3,411,653
Total Fund Balances	2,395,950	-	213,641	3,411,653	2,967,309	8,988,553
TOTAL LIABILITIES AND FUND BALANCES	$ 4,839,286	$ 1,431,948	$ 1,538,787	$ 3,453,824	$ 6,529,147	$ 17,792,992

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

April 30, 2009

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 8,988,553
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	82,248,631
Bond issuance costs and premiums/discounts on bonds are expensed in the governmental funds but capitalized and amortized in the statement of net assets	615,829
Interest payable is not reported within the governmental funds, but is recorded on the statement of net assets	(228,804)
Net pension assets are not recorded in the governmental funds but are recorded on the statement of net assets	755,497
Net OPEB liabilities are not recorded in the governmental funds but are recorded on the statement of net assets	(8,496)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(19,225,119)
The net assets (deficit) of the internal service fund is included in the governmental activities in the statement of net assets	(181,685)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 72,964,406

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended April 30, 2009

	General	Police Protection	Illinois Municipal Retirement	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 8,098,475	$ 1,330,255	$ 1,264,287	$ 967,012	$ 3,904,999	$ 15,565,028
Licenses and Permits	237,683	-	-	-	-	237,683
Intergovernmental	-	90,254	-	-	33,411	123,665
Charges for Services	468,161	-	-	-	736,185	1,204,346
Fines and Fees	-	391,108	-	40,123	303,010	734,241
Investment Income	211,670	-	16,441	111,286	104,921	444,318
Miscellaneous	66,459	35,686	-	53,885	95,278	251,308
Total Revenues	9,082,448	1,847,303	1,280,728	1,172,306	5,177,804	18,560,589
EXPENDITURES						
Current						
General Government	3,086,566	-	482,083	-	646,139	4,214,788
Public Safety	-	5,553,209	194,031	-	177,724	5,924,964
Highways and Streets	1,888,216	-	337,291	-	915,648	3,141,155
Culture and Recreation	557,174	-	303,727	-	2,645,909	3,506,810
Capital Outlay	-	-	-	644,033	116,397	760,430
Debt Service						
Principal Retirement	-	-	-	-	970,000	970,000
Interest and Fiscal Charges	-	-	-	-	722,306	722,306
Total Expenditures	5,531,956	5,553,209	1,317,132	644,033	6,194,123	19,240,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,550,492	(3,705,906)	(36,404)	528,273	(1,016,319)	(679,864)
OTHER FINANCING SOURCES (USES)						
Transfers In	374,666	3,705,906	200,000	-	1,888,096	6,168,668
Transfers (Out)	(4,662,402)	-	-	(571,800)	(375,800)	(5,610,002)
Total Other Financing Sources (Uses)	(4,287,736)	3,705,906	200,000	(571,800)	1,512,296	558,666
NET CHANGE IN FUND BALANCES	(737,244)	-	163,596	(43,527)	495,977	(121,198)
FUND BALANCES, MAY 1	3,133,194	-	50,045	3,455,180	2,471,332	9,109,751
FUND BALANCES, APRIL 30	$ 2,395,950	$ -	$ 213,641	$ 3,411,653	$ 2,967,309	$ 8,988,553

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (121,198)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	689,540
Contributions of capital assets are reported only in the statement of activities	428,132
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	1,017,000
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	(55,725)
Changes in the net pension assets/obligations are reported only in the statement of activities	(12,481)
Changes in the net OPEB assets/obligations are reported only in the statement of activities	(8,496)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Depreciation	(3,134,228)
Change in compensated absences	(114,821)
Change in interest payable	15,456
Loss on sale of capital assets	(36,369)
The change in net assets of certain activities of the internal service fund is not reported in the governmental funds, but is included within the statement of activities	56,944
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ (1,276,246)

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2009

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
CURRENT ASSETS		
Cash and Investments	$ 4,030,502	$ -
Cash with Paying Agent	45,168	-
Receivables		
Accounts	731,186	432
Interest	73,813	-
Prepaid Items	-	5,600
Restricted Cash and Investments	5,163,636	-
Total Current Assets	10,044,305	6,032
NONCURRENT ASSETS		
Capital Assets		
Non-depreciable	1,337,859	-
Depreciable, Net of Accumulated Depreciation	33,158,917	-
Total Capital Assets	34,496,776	-
Deferred Charges	441,668	-
Total Noncurrent Assets	34,938,444	-
Total Assets	44,982,749	6,032
CURRENT LIABILITIES		
Accounts Payable	129,843	-
Claims Payable	-	89,756
Accrued Payroll	17,296	-
Interest Payable	143,062	-
Due to Other Funds	1,053	97,961
Compensated Absences	123,210	-
Bonds Payable	640,000	-
Total Current Liabilities	1,054,464	187,717
NONCURRENT LIABILITIES		
Compensated Absences	120,794	-
Other Post Employment Benefits	1,475	-
Bonds Payable	8,755,000	-
Total Noncurrent Liabilities	8,877,269	-
Total Liabilities	9,931,733	187,717
NET ASSETS (DEFICIT)		
Invested in Capital Assets, Net of Related Debt	28,710,497	-
Restricted for Debt Service	672,465	-
Unrestricted (Deficit)	5,668,054	(181,685)
TOTAL NET ASSETS (DEFICIT)	$ 35,051,016	$ (181,685)

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended April 30, 2009

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
OPERATING REVENUES		
Charges for Services	$ 4,321,291	$ 1,662,198
Miscellaneous	113,747	154,226
Total Operating Revenues	4,435,038	1,816,424
OPERATING EXPENSES		
Administration	-	1,758,904
Operations		
Salaries	1,231,463	-
Benefits	246,695	-
Personal Services	24,080	-
Commodities	550,381	-
Contractual Services	965,510	-
Other Services/Expenses	11,628	-
Improvements	364,148	-
Depreciation	1,452,751	-
Total Operating Expenses	4,846,656	1,758,904
OPERATING INCOME (LOSS)	(411,618)	57,520
NONOPERATING REVENUES (EXPENSES)		
Investment Income	258,498	-
Connection Fees	268,101	-
Proceeds from Capital Assets	18,133	-
Interest Expense	(343,382)	(576)
Total Nonoperating Revenues (Expenses)	201,350	(576)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(210,268)	56,944
TRANSFERS		
Transfers In	6,000	-
Transfers (Out)	(559,666)	-
Total Transfers	(553,666)	-
CONTRIBUTION OF WATER AND SEWER LINES	734,431	-
CHANGE IN NET ASSETS	(29,503)	56,944
NET ASSETS (DEFICIT), MAY 1	35,080,519	(238,629)
NET ASSETS (DEFICIT), APRIL 30	$ 35,051,016	$ (181,685)

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2009

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customer and Users	$ 4,426,772	$ 153,795
Receipts from Interfund Services Transactions	-	1,662,198
Payments to Suppliers	(1,860,996)	(1,918,050)
Payments to Employees	(1,505,140)	-
Net Cash from Operating Activities	1,060,636	(102,057)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due From/To Other Funds	22,049	97,961
Interest Expenses	-	(576)
Transfers In	6,000	-
Transfers (Out)	(559,666)	-
Net Cash from Noncapital Financing Activities	(531,617)	97,385
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets Purchased	(1,223,488)	-
Connection Fees	268,101	-
Proceeds from Sale of Capital Assets	18,133	-
Proceeds from Sale of Alternate Revenue Bonds	3,346,743	-
Principal Payments on Long-Term Debt	(500,000)	-
Interest Payments on Long-Term Debt	(364,784)	-
Net Cash from Capital and Related Financing Activities	1,544,705	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	281,319	-
Net Cash from Investing Activities	281,319	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,355,043	(4,672)
CASH AND CASH EQUIVALENTS, MAY 1	6,884,263	4,672
CASH AND CASH EQUIVALENTS, APRIL 30	$ 9,239,306	$ -

(This statement is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2009

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	$ (411,618)	$ 57,520
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation	1,452,751	-
Amortization	11,628	-
Changes in Assets and Liabilities		
Accounts Receivable	(8,266)	60,842
Prepaid Expenses	-	-
Accounts Payable	19,043	-
Accrued Payroll	2,528	-
Claims Payable	-	(220,419)
Other Post Employment Benefits	1,475	-
Compensated Absences	(6,905)	-
NET CASH FROM OPERATING ACTIVITIES	$ 1,060,636	$ (102,057)
CASH AND INVESTMENTS:		
Cash and Investments	$ 4,030,502	$ -
Cash with Paying Agent	45,168	-
Restricted Cash and Investments	5,163,636	-
TOTAL CASH AND INVESTMENTS	$ 9,239,306	$ -
NONCASH TRANSACTIONS:		
Donated Water and Sewer Lines	$ 734,431	$ -

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2009

	Pension Trust Police Pension	Agency Funds
ASSETS		
Cash and Short-Term Investments	$ 2,138,883	$ 371,640
Investments, at Fair Value		
Equity Securities	1,844,599	-
U.S. Treasury Securities	2,708,007	-
U.S. Agency Securities	3,028,721	-
Mutual Funds	1,587,620	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accrued Interest	75,787	-
Prepaid Items	6,028	-
Total Assets	11,389,645	371,640
LIABILITIES		
Accounts Payable	-	23,356
Due to Other Organizations	-	348,284
Total Liabilities	-	371,640
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 11,389,645	$ -

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND

For the Year Ended April 30, 2009

ADDITIONS	
Contributions	
Employer Contributions	$ 717,652
Employee Contributions	270,817
Total Contributions	988,469
Investment Income	
Net Appreciation/(Depreciation) in Fair Value of Investments	(2,430,038)
Interest	287,783
Total Investment Income	(2,142,255)
Less Investment Expense	(117,492)
Net Investment Income	(2,259,747)
Total Additions	(1,271,278)
DEDUCTIONS	
Retirement and Disability Benefits	629,059
Administrative Expenses	12,794
Total Deductions	641,853
TRANSFERS	
Transfer (Out)	
General	(5,000)
Total Transfers	(5,000)
NET INCREASE (DECREASE)	(1,918,131)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
MAY 1	13,307,776
APRIL 30	$ 11,389,645

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Woodstock, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and four-member council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. A blended component unit, although legally separate, is, in substance, part of the City's operations and so data from this unit is combined with the data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column on the combined financial statements to emphasize it is legally separate from the City.

Blended Component Unit

The City's financial statements include the Police Pension System (PPS) as a pension trust fund. The City's sworn police employees participate in the PPS. The PPS functions for the benefit of those employees and is governed by a five-member Pension Board. Two members appointed by the Mayor, one elected pension beneficiary and two elected police officers constitute the Pension Board. The City and PPS participants are obligated to fund all PPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the contribution levels. The PPS is reported as a pension trust fund because of the City's fiduciary responsibility. Separate financial statements are not available for the PPS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

The Woodstock Public Library

The Woodstock Public Library (the Library) operates and maintains the City's public library facilities. The Library's Board is appointed by the Mayor with the consent of the City Council. The Library may not issue bonded debt, and its annual budget and property tax levy requests are subject to the City Council's approval. Separate financial statements for the Library are not available.

B. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in a fiduciary capacity or on behalf of others as their agent.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of material interfund activity has been eliminated from these statements. The costs for interfund services provided/used between funds are not eliminated in the process of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The Police Protection Fund is used to account for the operations of the City's Police Department.

- The Illinois Municipal Retirement Fund is used to account for pension and social security expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

- The Capital Improvements Fund is used to account for purchase of major capital equipment and construction or expansion of facilities.

The City reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activities of the water operations and sewer operations systems.

Additionally, the City reports the following proprietary fund:

- The Employee Insurance Fund, an Internal Service Fund is used to account for the City's employee health insurance program provided to other departments and funds of the City on a cost reimbursement basis. This fund is reported as part of the governmental activities on the government-wide financial statements as it provides services primarily to the City's governmental funds/activities.

The City reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund. Furthermore, the City reports the following agency funds as fiduciary funds: Escrow Fund and Special Service Area Number 7 Fund.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except the Agency Funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider their equity in pooled cash and all highly liquid investments, including restricted cash and investments, with an original maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

Investments

Investments with a maturity of one year or greater at the time of purchase and all investments of the pension trust fund are stated at fair value except for non-negotiable certificates of deposit which are recorded at cost. Fair value has been based on quoted market prices at April 30, 2009 for debt and equity securities and contract values for insurance contracts.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds share price, the price for which the investment could be sold ($1).

F. Restricted Assets

Certain proceeds of the City's bonds as well as certain resources set aside for their repayment are classified as restricted assets on the financial statements because their use is limited.

G. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the financial statements.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items.

I. Deferred Charges

Deferred charges in the proprietary funds and the governmental activities in the government-wide financial statements represents bond discounts and bond issuance costs which are being amortized over the life of the bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	50 years
Machinery and Equipment	10-20 years
Vehicles	5 years
Water and Sewer System	40-70 years
Infrastructure	20-50 years

K. Compensated Absences

Accumulated unpaid vacation, sick pay and other employee benefit amounts for governmental funds are accrued in these funds as a current liability to the extent that employees have retired or terminated at year end but have not been paid.

In the government-wide financial statements and the proprietary funds financial statements accumulated unpaid vacation, sick pay and other employee benefit amounts are recorded as earned by employees.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds 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 expenditures.

M. Fund Balances/Net Assets

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 tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the City's net assets are restricted as a result of enabling legislation adopted by the City. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

N. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

2. INDIVIDUAL FUND DISCLOSURES

A. Deficit Fund Balances/Net Assets

The Debt Service, Motor Fuel Tax and Recreation Center Funds reported deficits in fund balance of $134,964, $10,862 and $10,811, respectively, as of April 30, 2009. The Employee Insurance Fund had a deficit in net assets of $181,685 as of April 30, 2009.

2. INDIVIDUAL FUND DISCLOSURES (Continued)

B. Due To/From Other Funds

Due to/from other funds at April 30, 2009 are comprised of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 192,863
General	Internal Service	97,961
General	Enterprise	1,053
Police Protection	General	35,190
Nonmajor Governmental	General	45,727
Nonmajor Governmental	Nonmajor Governmental	3,900
TOTAL		$ 376,694

The purpose of the due to/from other funds are as follows:

- $291,877 Due from other funds to the General Fund. This balance relates to a short-term loan ($58,185) required to cover costs incurred by the Motor Fuel Tax Fund (a Nonmajor Governmental Fund), Internal Service Fund ($97,961) and Enterprise Fund ($1,053) from the General Fund. The remainder represents the outstanding balance owed from the Debt Service Fund to the General Fund for normal operating expenditures. The City intends to move the money between the funds within one year.

- $80,916 Due to other funds from the General Fund. This balance relates primarily to routine transfers from the General Fund to the Police Protection Fund ($35,190), and several nonmajor governmental funds (Public Parks ($21,745), Performing Arts ($13,660) and Paratransit Funds ($10,322)). The City intends to move the money between the funds within one year.

- $35,190 Due from other funds reported in the Police Protection Fund. This balance relates primarily to money provided by the General Fund to the Police Protection Fund from routine transfers made at year end. Repayment is expected within one year.

- $49,627 Due from other funds to the Nonmajor Governmental Funds. This balance relates primarily to obligations associated with interfund transfers from the General Fund to the Nonmajor Governmental Funds (Public Parks, Performing Arts and Paratransit). In addition, a portion of this balance is for the year-end transfer between the Northern Illinois Recreation Fund ($3,900) and the Recreation Center Fund for the use of this facility for Special Recreation programming. The City intends to move the money between the funds within one year.

2. INDIVIDUAL FUND DISCLOSURES (Continued)

B. Due To/From Other Funds (Continued)

- $1,053 Due to other funds reported in the Enterprise Fund. This balance relates primarily to money provided to the General Fund by the Enterprise Fund from routine transfers made at year end. Repayment is expected within one year.

C. Interfund Transfers

Interfund transfers during the year ended April 30, 2009, consisted of the following:

	Transfer In	Transfer Out
General	$ 374,666	$ 4,662,402
Police Protection	3,705,906	-
Illinois Municipal Retirement	200,000	-
Capital Improvements	-	571,800
Nonmajor Governmental	1,888,096	375,800
Water and Sewer	6,000	559,666
Police Pension	-	5,000
TOTAL	$ 6,174,668	$ 6,174,668

The purposes of interfund transfers are as follows:

- $374,666 Transferred from other funds to the General Fund. These transfers are from the Water and Sewer Fund (enterprise fund), Police Pension (fiduciary fund) and Nonmajor Governmental Funds (i.e., Northern Illinois Special Recreation Fund) that relate to routine operating transfers from these operations. These transfers will not be repaid.

- $4,662,402 Transferred to other funds from the General Fund. This relates primarily to transfers from the General Fund to the Debt Service Fund (nonmajor governmental fund) to provide for the debt service payments of two alternate revenue bonds repaid by the use of sales taxes and routine operating transfers provided on behalf of the Police Protection Fund and nonmajor governmental funds. These transfers will not be repaid.

- $3,705,906 Transferred from other funds to the Police Protection Fund. This transfer is from the General Fund and represents routine operating transfers to fund these operations. These transfers will not be repaid.

2. INDIVIDUAL FUND DISCLOSURES (Continued)

C. Interfund Transfers (Continued)

- $200,000 Transferred from other funds to the Illinois Municipal Retirement Fund. This transfer is from the Water & Sewer Fund (enterprise fund) and represents routine operating transfers to fund these operations. These transfers will not be repaid.

- $571,800 Transferred to other funds from the Capital Improvements Fund. This relates to a routine transfer from the Capital Improvements Fund to the Debt Service Fund (i.e., nonmajor governmental fund) for the repayment of outstanding alternate revenue bonds. This transfer will not be repaid.

- $1,888,096 Transferred from other funds to the nonmajor governmental funds. A portion of this transfer ($1,016,400) relates to routine transfers from the General Fund ($114,800), General Corporate CIP Fund ($571,800), Recreation Center Fund ($67,600, nonmajor governmental fund), Park Development Fund ($45,100, nonmajor governmental fund) and Environmental Management Fund ($217,100, nonmajor governmental fund) to the Debt Service Fund (nonmajor governmental fund) for the payment of debt service on the City's outstanding debt. The remaining transfers ($871,696) represent routine operating transfers provide by the General Fund to the Public Parks ($446,045, nonmajor governmental fund), Paratransit ($169,702, nonmajor governmental fund) and Performing Arts ($225,949, nonmajor governmental fund) Funds, with the difference ($30,000) transferred between nonmajor governmental funds (i.e., Hotel/Motel Tax to Performing Arts Funds). These transfers will not be repaid.

- $375,800 Transferred to other funds from the nonmajor governmental funds. This relates primarily to transfers from the Park Development Fund ($45,100, nonmajor governmental fund), Recreation Center Fund ($67,600, nonmajor governmental fund) and Environmental Management Fund ($217,100, nonmajor governmental fund) to the Debt Service Fund ($329,800, nonmajor governmental fund) for the payment of debt service on the City's alternate revenue bonds issued to purchase and construct various City facilities. $30,000 represents the transfer of funds reported in the Hotel/Motel Tax Fund (nonmajor governmental fund) to the Performing Arts Fund. $10,000 is from the Northern Illinois Special Recreation Fund (nonmajor governmental fund) to offset administration costs incurred by the General Fund. $6,000 is from the Aquatic Center Fund (nonmajor governmental fund) to offset salary costs incurred by the Water and Sewer Fund. These transfers will not be repaid.

2. INDIVIDUAL FUND DISCLOSURES (Continued)

C. Interfund Transfers (Continued)

- $559,666 Transferred to other funds from the Enterprise Fund. The Water and Sewer Fund (Enterprise Fund) provides a routine operating transfer to the General Fund ($359,666). In addition, the Water and Sewer Fund (Enterprise Fund) also provides a routine operating transfer to the Illinois Municipal Retirement Fund to offset employee benefit costs. These transfers will not be repaid.

- $6,000 Transferred from other funds to the Enterprise Fund. The Aquatic Center Fund (nonmajor governmental fund) provides a routine operating transfer to the Water and Sewer Fund (Enterprise Fund). This transfer will not be repaid.

- $5,000 Transferred from other funds to the General Fund. The Police Pension Fund (Fiduciary Fund) provides a routine operating transfer to the General Fund. This transfer will not be repaid.

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, including the Library's funds and excluding the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, deposits and investments are separately held by several of the City's funds.

The City's investment policy authorizes the City to make deposits/invest in insured financial institutions, obligations of the U. S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations and Illinois Funds.

The Police Pension Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds and equity securities.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

3. DEPOSITS AND INVESTMENTS (Continued)

A. City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 105% of all bank balances in excess of federal depository insurance with the collateral held by the City or the City's agent in the City's name.

B. City Investments

The following table presents the investments and maturities of the City's debt securities and money market mutual funds as of April 30, 2009:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
Money Market Mutual Funds	$ 112	$ 112	$ -	$ -	$ -
Illinois Funds	124	124	-	-	-
TOTAL	$ 236	$ 236	$ -	$ -	$ -

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period. The investment policy limits the maximum maturity length of investments two years from date of purchase, except for reserve funds. Investments in reserve funds may be purchased with maturities to match future projects or liability requirements.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit at $100,000 or less each and money market mutual funds. Illinois Funds and money market mutual funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the City's name. Illinois Funds and money market mutual funds are not subject to custodial credit risk.

3. DEPOSITS AND INVESTMENTS (Continued)

B. City Investments (Continued)

Concentration of Credit Risk - The City's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to 50% of the portfolio, excluding U.S. Treasury obligations.

The City's investment policy does not specifically prohibit the use of or the investment in derivatives.

C. Police Pension Fund's Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Police Pension Fund's deposits with financial institutions.

D. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities and money market mutual funds as of April 30, 2009:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	$ 2,708,007	$ 778,720	$ 940,562	$ 988,725	$ -
U.S. Agency Obligations	2,687,826	-	2,687,826	-	-
Mortgage/Asset-Backed Securities	340,895	-	-	-	340,895
Money Market Mutual Funds	1,203,502	1,203,502	-	-	-
TOTAL	$ 6,940,230	$ 1,982,222	$ 3,628,388	$ 988,725	$ 340,895

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund. The Police Pension Fund's investment policy specifically prohibits the use of or the investment in derivatives.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations are rated AAA and the money market mutual funds are rated AAA.

3. DEPOSITS AND INVESTMENTS (Continued)

D. Police Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name. The money market mutual funds are not subject to custodial credit risk.

4. RECEIVABLES

A. Property Taxes

Property taxes for the 2008 levy year attach as an enforceable lien on January 1, 2008, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2009 and August 1, 2009, and are payable in two installments, on or about June 1, 2009 and September 1, 2009. The County collects such taxes and remits them periodically.

The City has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2008 tax levy has been recorded as deferred revenue on the financial statements. The 2009 tax levy, which attached as an enforceable lien on property as of January 1, 2009, has not been recorded as a receivable as of April 30, 2009 as the tax has not yet been levied by the City and will not be levied until December 2009 and, therefore, the levy is not measurable at April 30, 2009.

B. Due from Other Governments

The detail of due from other governments in the governmental activities is as follows:

State Shared Sales Tax	$ 758,173
State Shared Income Tax	392,691
State Shared Telecommunication Tax	233,845
State Shared Motor Fuel Tax	49,240
TOTAL DUE FROM OTHER GOVERNMENTS	$ 1,433,949

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2009 is as follows:

	Balances May 1	Additions	Retirements	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 29,821,694	$ 175,500	$ -	$ 29,997,194
Construction in Progress	3,550,734	264,984	2,910,202	905,516
Total Capital Assets not Being Depreciated	33,372,428	440,484	2,910,202	30,902,710
Capital Assets Being Depreciated				
Land Improvements	5,964,109	2,910,202	-	8,874,311
Building and Improvements	19,676,572	42,153	-	19,718,725
Equipment	5,878,904	21,404	117,225	5,783,083
Infrastructure	49,385,937	613,634	-	49,999,571
Total Capital Assets Being Depreciated	80,905,522	3,587,393	117,225	84,375,690
Less Accumulated Depreciation for				
Land Improvements	3,340,853	207,760	-	3,548,613
Building and Improvements	4,455,605	516,225	-	4,971,830
Equipment	3,794,344	517,350	80,856	4,230,838
Infrastructure	18,385,595	1,892,893	-	20,278,488
Total Accumulated Depreciation	29,976,397	3,134,228	80,856	33,029,769
Total Capital Assets Being Depreciated, Net	50,929,125	453,165	36,369	51,345,921
TOTAL GOVERNMENTAL ACTIVITIES, NET	$ 84,301,553	$ 893,649	$ 2,946,571	$ 82,248,631

5. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Retirements	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 93,200	$ -	$ -	$ 93,200
Construction in Progress	61,047	1,183,612	-	1,244,659
Total Capital Assets not Being Depreciated	154,247	1,183,612	-	1,337,859
Capital Assets Being Depreciated				
Building and Improvements	12,061,869	30,513	-	12,092,382
Equipment	16,913,359	51,061	160,501	16,803,919
Water and Sewer Mains	23,127,994	745,991	-	23,873,985
Total Capital Assets Being Depreciated	52,103,222	827,565	160,501	52,770,286
Less Accumulated Depreciation for				
Building and Improvements	2,267,150	235,658	-	2,502,808
Equipment	11,454,908	639,054	160,501	11,933,461
Water and Sewer Mains	4,597,060	578,040	-	5,175,100
Total Accumulated Depreciation	18,319,118	1,452,752	160,501	19,611,369
Total Capital Assets Being Depreciated, Net	33,784,104	(625,187)	-	33,158,917
TOTAL BUSINESS-TYPE ACTIVITIES, NET	$ 33,938,351	$ 558,425	$ -	$ 34,496,776

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General Government	$ 120,567
Public Safety	216,313
Highways and Streets	2,207,350
Culture and Recreation	589,998
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 3,134,228

6. LONG-TERM DEBT

A. Changes in Governmental Activities Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported in the governmental activities:

	Balances May 1, Restated	Additions	Retirements	Balances April 30	Current Portion
General Obligation Bonds	$ 3,285,000	$ -	$ 215,000	$ 3,070,000	$ 230,000
Alternate Revenue Bonds	14,297,000	-	755,000	13,542,000	782,000
Landfill Closure Costs	987,000	-	47,000	940,000	47,000
Compensated Absences Payable*	1,558,297	881,012	766,190	1,673,119	819,365
Net Other Postemployment Benefit Obligation	-	8,496	-	8,496	-
Unamortized Bond Premium	96,659	-	4,067	92,592	-
Unamortized Loss on Refunding	(573,001)	-	(47,750)	(525,251)	-
TOTAL GENERAL LONG-TERM DEBT	$ 19,650,955	$ 889,508	$ 1,739,507	$ 18,800,956	$ 1,878,365

* Retired by the General and Police Protection funds.

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements/ Refundings	Balances April 30	Current Portion
$3,900,000 General Obligation Bonds (Series A - Aquatic Center) dated June 1, 2000, due in annual installments of $130,000 to $335,000, plus interest of 4.80% to 7.00% through January 2010.	Debt Service	$ 370,000	$ -	$ 180,000	$ 190,000	$ 190,000
$3,085,000 General Obligation Refunding Bonds, Series 2004A dated April 8, 2004, due in annual installments of $35,000 to $330,000, plus interest of 2.00% to 3.95% through January 1, 2020.	Debt Service	2,915,000	-	35,000	2,880,000	40,000
TOTAL GENERAL OBLIGATION BONDS		$ 3,285,000	$ -	$ 215,000	$ 3,070,000	$ 230,000

6. LONG-TERM DEBT (Continued)

C. Alternate Revenue Source Bonds

The City also issues general obligation (alternate revenue source) bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds pledge specific revenues other than property taxes to repay the debt. The County Clerk is required to levy a property tax if the City has insufficient funds to repay the debt. The City has made all required payments for fiscal year 2008/2009 and does not anticipate having to levy a property tax in future years to repay the bonds. The governmental activities alternate revenue source bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements/ Refundings	Balances April 30	Current Portion
$4,000,000 Alternate Revenue Bonds (Series B - Police Facility) dated June 1, 2000, due in annual installments of $135,000 to $340,000, plus interest of 4.80% to 7.00%, through January 1, 2010.	Debt Service	$ 380,000	$ -	$ 185,000	$ 195,000	$ 195,000
$500,000 Alternate Revenue Bonds (Series C - Aquatic Center) dated June 1, 2000, due in annual installments of $5,000 to $225,000, plus interest of 4.70% to 7.00%, through January 1, 2020.	Debt Service	385,000	-	25,000	360,000	25,000
$1,635,000 Alternate Revenue Bonds (Series B - Opera House Annex) dated December 20, 2001, due in annual installments of $50,000 to $125,000, plus interest of 2.55% to 5.25%, through February 1, 2021.	Debt Service	1,250,000	-	75,000	1,175,000	75,000
$2,110,000 Alternate Revenue Bonds (Series E - Die Cast Infrastructure) dated December 1, 2002, due in annual installments of $85,000 to $300,000, plus interest of 2.00% to 4.55%, through December 1, 2021.	TIF	1,670,000	-	95,000	1,575,000	95,000
$465,000 Alternate Revenue Bonds (Series G - Public Works Expansion) dated December 1, 2002, due in annual installments of $20,000 to $160,000, plus interest of 2.00% to 4.55%, through December 1, 2021.	TIF	365,000	-	20,000	345,000	20,000

6. LONG-TERM DEBT (Continued)

C. Alternate Revenue Source Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements/ Refundings	Balances April 30	Current Portion
$1,500,000 Alternate Revenue Debt Certificates (Series 2003 - Recreation Center) dated March 17, 2003, due in annual installments of $55,000 to $108,000, plus interest of 1.45% to 4.90%, through January 1, 2023.	Debt Service	$ 1,207,000	$ -	$ 60,000	$ 1,147,000	$ 62,000
$3,155,000 Alternate Revenue Bonds, Series 2004B dated April 8, 2004, due in annual installments of $35,000 to $335,000, plus interest of 2.00% to 3.95%, through January 1, 2020.	Debt Service	2,980,000	-	40,000	2,940,000	40,000
$6,545,000 Alternate Revenue Bonds, Series 2005B dated September 8, 2005, due in annual installments of $240,000 to $485,000, plus interest of 3.00% to 4.50%, through January 1, 2025.	Debt Service	6,060,000	-	255,000	5,805,000	270,000
TOTAL ALTERNATE REVENUE SOURCE BONDS		$ 14,297,000	$ -	$ 755,000	$ 13,542,000	$ 782,000

The following is a summary of bond transactions and other debt transactions of the City for the year ended April 30, 2009 that are payable by governmental activities.

The City issued the series 2000B general obligation alternate revenue sources bonds to provide funds for the acquisition and construction of a new police facility. These bonds are payable from a pledge of the City's telecommunication tax revenues and are being repaid by the debt service fund (nonmajor governmental fund). In 2004, the City issued series 2004B general obligation alternate revenue source bonds to refund a portion of the series 2000B bonds. The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the series 2000B bonds is $208,650, with the remaining bonds being called on January 1, 2010, while the series 2004B bonds will require $3,649,735 for total interest and principal until final repayment on January 1, 2020, when the series 2004B bonds are paid off. During the current fiscal year, the pledge of telecommunication taxes of $353,805 for paying both the series 2000B and series 2004B bonds was 36.6% of total telecommunication tax revenues.

6. LONG-TERM DEBT (Continued)

C. Alternate Revenue Source Bonds (Continued)

The City issued the series 2000C general obligation alternate revenue sources bonds to provide supplemental funding for the construction of an aquatic center. These bonds are payable from the City's sales tax revenues and are being repaid by the General Fund. The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $496,958, with the pledge expiring January 1, 2020, when the bonds are paid off. During the current fiscal year, the pledge of sales taxes of $47,545 was 1.4% of the total sales tax revenues.

The City issued the series 2001 general obligation alternate revenue sources bonds to provide funds for the construction of an addition to the historic Woodstock opera house and to complete improvements and upgrades to the existing structure. These bonds are payable from the City's ticket surcharges, fundraising and donations with these revenues directly accounted for within the debt service fund (nonmajor governmental fund) with the remaining difference funded by sales tax revenues and repaid by the General Fund. The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $1,600,245, with the pledge expiring February 1, 2021, when the bonds are paid off. During the current fiscal year, the pledge of sales taxes of $136,655 was 4.1% of the total sales tax revenues.

The City issued the series 2002E general obligation alternate revenue sources bonds to construct necessary infrastructure improvements and refund an outstanding bank loan for previous property purchases related to the Die Cast property. These bonds are payable from the City's tax increment property taxes which are accounted for with the tax increment financing fund (nonmajor governmental fund) and transferred to the debt service fund (nonmajor governmental fund). The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $2,087,955, with the pledge expiring January 1, 2022, when the bonds are paid off. During the current fiscal year, the pledge of tax increment property taxes of $162,775 was 26.1% of the total tax increment property tax revenues.

6. LONG-TERM DEBT (Continued)

C. Alternate Revenue Source Bonds (Continued)

The City issued the series 2002G general obligation alternate revenue sources bonds to provide funds for acquiring the remaining parcels required to redevelop the Die Cast property. These bonds are payable from the City's tax increment property taxes which are accounted for with the tax increment financing fund (nonmajor governmental fund) and transferred to the debt service fund (nonmajor governmental fund). The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $461,833, with the pledge expiring January 1, 2022, when the bonds are paid off. During the current fiscal year, the pledge of tax increment property taxes of $35,320 was 5.7% of the total tax increment property tax revenues.

The City issued the series 2003 debt service certificates to provide funds for acquiring the Woodstock Athletic Club, remodeling the existing structure and constructing a gymnasium. The portion (60%) of these bonds related to acquiring and remodeling the existing facility are payable from the membership revenues reported in the Recreation Center Fund (nonmajor governmental fund). The remaining portion (40%) of the bond payment is pledged from park development impact fees that are reported within the Park Development Fund (nonmajor governmental fund). Both of the aforementioned funds are required to provide the necessary transfers to the debt service fund (nonmajor governmental fund) to meet this debt obligation. The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $1,581,019, with the pledge expiring January 1, 2023, when the debt certificates will be paid off. During the current fiscal year, the pledge of membership dues of $67,589 was 16.6% of the total membership revenues, while the remaining payment of $45,059 was 80.5% of the total park development impact fees.

The City issued the series 2005B general obligation alternate revenue bonds to provide funds for the construction of Davis Road Soccer Park and Merrymen Fields Park, as well as roadway improvements for Lake Avenue and McConnell Road. The portion of these bonds related to the construction of Davis Road Soccer Park are being repaid from property taxes collected by the Environmental Management and Park Development Funds (nonmajor governmental funds). The alternate revenue bonds issued to construct Merrymen Fields Park are being repaid by park impact fees reported in the Park Development Fund (nonmajor governmental fund). The alternate revenue bonds issued for the street improvements to Lake Avenue are being repaid through the use of sales taxes reported in the general fund. The portion of the alternate revenue bonds issued to construct the roadway improvements for McConnell Road are being repaid from developer contributions and telecommunication tax revenues which are both reported within the capital improvements fund. The City has also pledged income tax and sales tax revenues that are reported in the General Fund to cover for any deficiencies in the aforementioned revenue sources.

6. LONG-TERM DEBT (Continued)

C. Alternate Revenue Source Bonds (Continued)

All of the previously mentioned funds are required to provide the necessary transfers to the debt service fund (nonmajor governmental fund) to meet these debt obligations. The bond ordinance requires the City to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $8,042,175, with the pledge expiring January 1, 2025, when the bonds will be paid off. During the current fiscal year, the pledge of the Environmental Management Fund's (nonmajor governmental fund) of $217,050 was 38.1% of the total property taxes. The pledge of park development fees and telecommunication taxes of $147,575 was 14.4% of the total park development impact fees and telecommunication taxes collected in FY08/09. The pledge of sales tax revenues of $67,200 represents 2.0% of the total sales tax revenues, while the remaining payment of $70,288 was 7.0% of the total for telecommunication taxes and developer impact fees reported in the capital improvement fund. Overall, the total payment of $502,113 was 8.5% of the total sales tax and income tax revenues received in FY08/09.

D. Landfill Closure Costs

In compliance with GASB Statement No. 18, the City has reported its long-term obligation related to closing costs for a landfill closed in 2000. The City is the owner of a tract of land formerly operated as a municipal landfill. The City has been identified, in addition to one other corporate entity, by the United States Environmental Protection Agency (USEPA) as a potential responsible party under the Superfund Amendments and Reauthorization Act of the Comprehensive Environment Response Compensation Acts. Governmental activities long-term liabilities related to the landfill were as follows:

	Fund Debt Retired by	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
Landfill Post Closure Care Costs	Environmental Management	$ 987,000	$ -	$ 47,000	$ 940,000	$ 47,000

6. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity

Debt service requirements to maturity for governmental activities long-term debt is as follows:

Fiscal Year Ending April 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Alternate Revenue Bonds Principal	Alternate Revenue Bonds Interest
2010	$ 230,000	$ 112,535	$ 782,000	$ 563,393
2011	245,000	98,235	814,000	527,030
2012	250,000	91,492	832,000	497,705
2013	260,000	83,998	879,000	466,459
2014	265,000	75,808	907,000	432,640
2015	280,000	67,063	945,000	395,342
2016	285,000	57,403	993,000	355,828
2017	295,000	47,285	1,022,000	315,313
2018	310,000	36,665	1,071,000	273,104
2019	320,000	25,195	1,114,000	228,086
2020	330,000	13,035	1,154,000	180,668
2021	-	-	813,000	130,865
2022	-	-	718,000	95,009
2023	-	-	553,000	64,367
2024	-	-	460,000	40,162
2025	-	-	485,000	20,613
TOTAL	$ 3,070,000	$ 708,714	$ 13,542,000	$ 4,586,584

6. LONG-TERM DEBT (Continued)

F. Business-Type Activities

Long-term debt payable by business-type activities is as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
$4,100,000 Alternate Revenue Bonds (Series F - Waterworks and Sewage) dated December 1, 2002, due in annual installments of $100,000 to $845,000, plus interest of 2.00% to 4.55%, through December 1, 2021.	Water and Sewer	$ 3,325,000	$ -	$ 185,000	$ 3,140,000	$ 190,000
$3,650,000 Alternate Revenue Bonds, Series 2004F, Waterworks and Sewage, dated March 1, 2004, due in annual installments of $55,000 to $400,000, plus interest of 2.00% to 3.65%, through November 1, 2016.	Water and Sewer	3,170,000	-	315,000	2,855,000	320,000
$3,400,000 Alternate Revenue Bonds, Series 2008, Waterworks and Sewage, dated September 4, 2008, due in annual installments of $130,000 to $250,000, plus interest of 3.00% to 4.50%, through January 1, 2028.	Water and Sewer	-	3,400,000	-	3,400,000	130,000
Compensated Absences	Water and Sewer	250,909	120,121	127,026	244,004	123,210
Net Other Postemployment Benefit Obligation		-	1,475	-	1,475	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT		$ 6,745,909	$ 3,521,596	$ 627,026	$ 9,640,479	$ 763,210

6. LONG-TERM DEBT (Continued)

F. Business-Type Activities (Continued)

Debt service requirements to maturity for business-type activities long-term debt is as follows:

Fiscal Year Ending April 30,	Alternate Revenue Bonds Principal	Alternate Revenue Bonds Interest
2010	$ 640,000	$ 347,735
2011	660,000	329,123
2012	680,000	308,685
2013	700,000	286,625
2014	730,000	263,264
2015	750,000	237,820
2016	780,000	210,621
2017	805,000	181,378
2018	420,000	157,985
2019	440,000	140,960
2020	460,000	122,145
2021	480,000	102,485
2022	500,000	81,726
2023	200,000	59,805
2024	210,000	51,105
2025	220,000	41,970
2026	230,000	32,400
2027	240,000	22,050
2028	250,000	11,250
TOTAL	$ 9,395,000	$ 2,989,131

G. No Commitment/Conduit Debt

The City has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. The aggregate principal amount payable for the only series of IDRBs outstanding as of April 30, 2009 which could be determined was $28,000,000.

6. LONG-TERM DEBT (Continued)

H. Advance Refunding

On April 8, 2004, the City issued $3,085,000 general obligation refunding bonds and $3,155,000 alternate revenue bonds, the proceeds of which were placed in an irrevocable escrow, to advance refund $2,640,000 of the outstanding 2000A general obligation bonds (maturing 2011-2020, payable by the debt service fund) and $2,705,000 of the 2000B alternate revenue bonds (maturing 2011-2020, payable by the debt service fund). At April 30, 2009, $2,640,000 of the 2000A and $2,705,000 of the 2000B bonds were outstanding and will be called and paid from escrow on January 1, 2010.

7. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, two of these plans provided by the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the remaining defined benefit plan provided through the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for these three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained online at www.imrf.org.

A. Plan Descriptions

Illinois Municipal Retirement Fund – Regular Pension Plan

All employees (other than those covered by the Police Pension Plan and the Sheriff's Law Enforcement Personnel (SLEP) Plan provided through IMRF) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2008 was 10.51% of covered payroll.

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund – Sheriff's Law Enforcement Personnel (SLEP) Plan

The Illinois Municipal Retirement Fund – SLEP Plan covers the City's employees that are hired as sworn law enforcement personnel, but are not required to be covered by the Police Pension Plan. Pension benefits vest after eight years of service. Participating members who retire at or after age 50 with 20 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings, for each year of credited service. If the member does not have 20 years of SLEP service at retirement, the pension is converted to a regular IMRF pension and the additional employee contributions for SLEP are returned to the employee. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 7.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2008 was 13.03% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. At April 30, 2009, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	23
Current Employees	
Vested	18
Nonvested	19
TOTAL	60

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required; benefits and refunds are recognized as an expense and liability when due and payable.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2009, the City's contribution was 26.53% of covered payroll.

B. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for IMRF is not available.

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement - Regular	Illinois Municipal Retirement - SLEP	Police Pension
Actuarial Valuation Date	December 31, 2006	December 31, 2006	April 30, 2008
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	24 Years, Closed	28 Years, Closed	24 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected Salary Increase Attributable to Inflation	4.00% Compounded Annually	4.00% Compounded Annually	3.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 11.60% Not Available	.40 to 11.60% Not Available	5.50% Not Available

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	December 31,	Illinois Municipal Retirement - Regular	Illinois Municipal Retirement - SLEP	April 30,	Police Pension
Annual Pension Costs (APC)	2008	$ 715,205	$ 15,453	2009	$ 730,133
	2007	704,743	15,119	2008	620,114
	2006	679,197	N/A	2007	574,650
Actual Contribution	2008	$ 715,205	$ 15,453	2009	$ 717,652
	2007	704,743	15,119	2008	723,721
	2006	679,197	N/A	2007	704,684
Percentage of APC Contributed	2008	100.0%	100.0%	2009	98.3%
	2007	100.0%	100.0%	2008	116.7%
	2006	100.0%	N/A	2007	122.6%
NPO (Asset)	2008	$ -	$ -	2009	$ (755,497)
	2007	-	-	2008	(767,978)
	2006	-	-	2007	(664,371)

The NPO at April 30, 2009 for the Police Pension Plan has been calculated as follows:

	Police Pension
Annual Required Contribution	$ 747,174
Interest on Net Pension Obligation	(53,758)
Adjustment to Annual Required Contribution	36,717
Annual Pension Cost	730,133
Contributions Made	717,652
Increase (Decrease) in Net Pension Obligation (Asset)	12,481
Net Pension Obligation (Asset) Beginning of Year	(767,978)
Net Pension Obligation (Asset) End of Year	$ (755,497)

7. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status and Funding Progress

	Illinois Municipal Retirement - Regular	Illinois Municipal Retirement - SLEP	Police Pension
Actuarial Valuation Date	December 31, 2008	December 31, 2008	April 30, 2009
Actuarial Accrued Liability (AAL)	$ 19,482,441	$ 69,474	$ 21,033,633
Actuarial Value of Plan Assets	14,774,352	77,070	11,389,645
Unfunded Actuarial Accrued Liability (UAAL)	4,708,089	(7,596)	9,643,988
Funded Ratio (Actuarial Value of Plan Assets/AAL)	75.83%	110.93%	54.1%
Covered Payroll (Active Plan Members)	6,804,997	118,599	2,704,686
UAAL as a Percentage of Covered Payroll	69.19%	(6.40%)	356.6%

The schedule of funding progress, presented in the required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

8. LANDFILL CLOSURE COSTS

The City is the owner of a tract of land formerly operated as a municipal landfill. The City has been identified, in addition to one other corporate entity, by the United States Environmental Protection Agency (USEPA) as a potential responsible party under the Superfund Amendments and Reauthorization Act of the Comprehensive Environment Response Compensation Acts. State and Federal laws and regulations required the City to place a final cover on its landfill site. This cover was installed in 2000 and will need to be maintained and monitored for a period of 30 years. Recognition of the landfill liability is based on landfill capacity used to date. Therefore, the City reports an estimate for 100% of the costs anticipated to maintain and monitor the landfill for the remaining 23 years. These amounts are based on what it costs to maintain and monitor the landfill in 2009. The City expects the actual costs may be higher due to inflation, changes in technology, or changes in regulations.

8. LANDFILL CLOSURE COSTS (Continued)

The City reports the estimated costs of $940,000 in the governmental activities. These costs will be funded by the Environmental Management Special Revenue Fund.

9. RISK MANAGEMENT

The City is exposed to various risks including but not limited to losses from workers' compensation, employee health insurance and general liability/property. The City is self-insured for its exposure to employee health risks. The City participates in the McHenry County Municipal Risk Management Association (McMRMA), a public entity risk pool, which provides workers' compensation and general liability/property coverage.

McMRMA is a proprietary agency whose members are McHenry County, Illinois governments. McMRMA manages and funds first-party property losses, third-party liability claims, workers' compensation claims and Public Officials' Liability claims of its members. Premiums are invested by the McMRMA Board and are used to pay claims processed by a third-party administrator.

Each member assumes the first $1,000 of each occurrence and has self-insurance retention at various amounts. Management consists of a Board of Directors comprised of one appointed representative from each member.

The City does not exercise any control over the activities of McMRMA beyond its representation on the Board of Directors. Initial contributions are determined in advance of each membership year based on the individual member's eligible revenue as defined in the bylaws of McMRMA and the funding needs for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year.

Members have a contractual obligation to fund any deficit of McMRMA attributable to a membership year which they were a member.

The City has established the Employee Insurance Internal Service Fund to account for the employee health insurance activities. Each participating fund makes payments to the Employee Insurance Fund. The charges are based on personnel costs and established premium rates for various insurance coverages.

The City has contracted with a third-party administrator (TPA) to administer the employee health insurance program and to review and process claims. In addition, the City has contracted with third-party carriers for specific stop-loss coverage to limit the City's exposure. The specific stop-loss coverage is based on $65,000 per individual per year.

9. RISK MANAGEMENT (Continued)

The City does not utilize aggregate stop-loss coverage for its health plan. Settlements have not exceeded coverage in any of the prior three years.

A reconciliation of claims payable for the fiscal years ended April 30, 2009 and 2008 are as follows:

	Health	
	2009	2008
CLAIMS PAYABLE, MAY 1	$ 310,174	$ 115,863
Add Claims Incurred	1,693,637	1,617,514
Less Claims Paid	1,914,055	1,423,203
CLAIMS PAYABLE, APRIL 30	$ 89,756	$ 310,174

10. CONTINGENT LIABILITIES

A. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

11. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's General Fund and Waterworks and Sewerage Fund.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's self-insured health plan. In accordance with State Statutes, those benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in the City-sponsored health care plan is discontinued upon eligibility for federally sponsored health care benefits.

Membership

At April 30, 2009, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	11
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	
Vested	21
Non-Vested	121
TOTAL	153
Participating Employers	1

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. Since the City is self-insured, this amount fluctuates on an annually basis. For the fiscal year ended April 30, 2009, retirees contributed $73,595 and the City contributed $28,284. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of April 30, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The City's annual OPEB cost (expense) of $38,255 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of April 30, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2009 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of April 30, 2009):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2009	$ 38,255	$ 28,284	73.9%	$ 9,971

The net OPEB obligation (NOPEBO) as of April 30, 2009, was calculated as follows:

Annual Required Contribution	$ 38,255
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	38,255
Contributions Made	28,284
Increase in Net OPEB Obligation	9,971
Net OPEB Obligation Beginning of Year	-
NET OPEB OBLIGATION END OF YEAR	$ 9,971

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2009, was as follows:

Actuarial Accrued Liability (AAL)	$ 700,797
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	700,797
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	8,756,090
UAAL as a Percentage of Covered Payroll	8.0%

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of an initial 8.00% and an ultimate rate of 6.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2009 was 30 years.

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY

A. Summary of Significant Accounting Policies

The accounting policies of the Library conform to generally accepted accounting principles as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

A. Summary of Significant Accounting Policies (Continued)

1. Fund Accounting

The accounts of the Library are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three fund types and one broad fund category as follows:

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

2. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred.

The modified accrual basis of accounting is followed by the governmental funds on the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers property taxes as available if they are collected within 60 days after year end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

3. Cash and Investments

Investments are stated at cost or amortized cost, which approximates fair value.

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

B. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds, including the Library's funds and excluding the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, deposits and investments are separately held by several of the City's funds.

The Library's outstanding cash is invested also in accordance with the City's investment policy, which authorizes the City to make deposits/invest in insured financial institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations and Illinois Funds.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

1. Library Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral with a fair value of 105% of all bank balances in excess of federal depository insurance with the collateral held by the Library or the Library's agent in the Library's name.

2. Library Investments

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period. The investment policy limits the maximum maturity length of investments two years from date of purchase, except for reserve funds. Investments in reserve funds may be purchased with maturities to match future projects or liability requirements.

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

2. Library Investments (Continued)

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit at $100,000 or less each and money market mutual funds. Illinois Funds and money market mutual funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Library's name. Illinois Funds and money market mutual funds are not subject to custodial credit risk.

Concentration of Credit Risk - The Library's investment policy limits investments the amount of the portfolio that can be invested in any one investment vehicle to 50% of the portfolio, excluding U.S. Treasury obligations.

The Library's investment policy does not specifically prohibit the use of or the investment in derivatives.

C. Receivables

Property taxes for the 2008 levy year attach as an enforceable lien on January 1, 2008, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2009 and August 1, 2009, and are payable in two installments, on or about June 1, 2009 and September 1, 2009. The County collects such taxes and remits them periodically.

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

C. Receivables (Continued)

The Library has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2008 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds. The 2009 tax levy, which attached as an enforceable lien on property as of January 1, 2009, has not been recorded as a receivable as of April 30, 2009 as the tax has not yet been levied by the Library and will not be levied until December 2009 and, therefore, the levy is not measurable at April 30, 2009.

D. Capital Assets

The following is a summary of changes in the Library's capital assets during the fiscal year:

	Balances May 1	Additions	Retirements	Balances April 30
Capital Assets not Being Depreciated				
Land	$ 401,754	$ -	$ -	$ 401,754
Construction in Progress	-	43,481	-	43,481
Total Capital Assets not Being Depreciated	401,754	43,481	-	445,235
Capital Assets Being Depreciated				
Building and Improvements	6,765,998	-	-	6,765,998
Equipment	772,186	35,215	-	807,401
Total Capital Assets Being Depreciated	7,538,184	35,215	-	7,573,399
Less Accumulated Depreciation for				
Building and Improvements	1,957,896	162,500	-	2,120,396
Equipment	667,852	49,414	-	717,266
Total Accumulated Depreciation	2,625,748	211,914	-	2,837,662
Total Capital Assets Being Depreciated, Net	4,912,436	(176,699)	-	4,735,737
TOTAL CAPITAL ASSETS	$ 5,314,190	$ (133,218)	$ -	$ 5,180,972

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

E. Long-Term Debt

1. General Obligation Bonds

The Library issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City payable by the Library's tax levy. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements/ Refundings	Balances April 30	Current Portion
$3,900,000 Library Building General Obligation Bonds Series 1999 dated September 1, 1999, due in annual installments of $85,000 to $315,000, plus interest of 4.15% to 5.45% through January 2019.	Debt Service	$ 600,000	$ -	$ 190,000	$ 410,000	$ 200,000
$2,270,000 General Obligation Refunding Bonds, Series 2005A dated September 8, 2005, due in annual installments of $15,000 to $310,000, plus interest of 3.00% to 4.00% through January 1, 2019.	Debt Service	2,240,000	-	15,000	2,225,000	15,000
TOTAL GENERAL OBLIGATION BONDS		$ 2,840,000	$ -	$ 205,000	$ 2,635,000	$ 215,000

2. Alternate Revenue Source Bonds

The Library also issues general obligation (alternate revenue source) bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds pledge specific revenues other than property taxes to repay the debt. The County Clerk is required to levy a property tax if the Library has insufficient funds to repay the debt. The Library has made all required payments for fiscal year 2008/2009 and does not anticipate having to levy a property tax in future years to repay the debt. The alternate revenue source bonds currently outstanding are as follows:

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

E. Long-Term Debt (Continued)

2. Alternate Revenue Source Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
$500,000 Alternate Revenue Bonds (Series D - Library Building) dated June 1, 2000, due in annual installments of $5,000 to $225,000, plus interest of 4.70% to 7.00%, through January 1, 2020.	Debt Service	$ 385,000	$ -	$ 25,000	$ 360,000	$ 25,000

The following is a summary of bond transactions and other debt transactions of the Library for the year ended April 30, 2009.

The City issued the series 2000D general obligation alternate revenue sources bonds to provide supplemental funding for the construction of an addition to the public library. These bonds are payable from a pledge of the Library Building Fund's property taxes and developer impact fee revenues and are being repaid by the Library Debt Service Fund. The bond ordinance requires the Library to have 1.25 times the annual debt service on the bonds in order to abate the property tax that also secures the bonds. The total interest and principal remaining to be paid on the bonds is $496,958, with the pledge expiring January 1, 2020, when the bonds are paid off. During the current fiscal year, the pledge of property tax and developer impact fee revenues of $47,545 for paying the series 2000D bonds was 46.3% of the total property tax revenues and developer impact fees reported in the Library Building Fund.

12. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

E. Long-Term Debt (Continued)

3. Debt Service Requirements to Maturity

Fiscal Year Ending April 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Alternate Revenue Source Bonds Principal	Alternate Revenue Source Bonds Interest
2010	$ 215,000	$ 111,493	$ 25,000	$ 20,795
2011	225,000	99,005	25,000	19,045
2012	235,000	87,800	25,000	17,683
2013	250,000	78,400	30,000	16,320
2014	260,000	68,400	30,000	14,685
2015	270,000	58,000	30,000	13,050
2016	280,000	47,200	35,000	11,310
2017	290,000	36,000	35,000	9,280
2018	300,000	24,400	40,000	7,250
2019	310,000	12,400	40,000	4,930
2020	-	-	45,000	2,610
TOTAL	$ 2,635,000	$ 623,098	$ 360,000	$ 136,958

4. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in general long-term debt:

	Balances May 1, Restated	Additions	Retirements	Balances April 30	Current Portion
Bonds Payable	$ 3,225,000	$ -	$ 230,000	$ 2,995,000	$ 240,000
Compensated Absences Payable	179,141	74,439	86,990	166,590	80,400
Unamortized Premium on Bonds	43,020	-	288	42,732	-
Unamortized Loss on Refunding	(134,737)	-	(902)	(133,835)	-
TOTAL GENERAL LONG-TERM DEBT	$ 3,312,424	$ 74,439	$ 316,376	$ 3,070,487	$ 320,400

F. Advance Refunding

On September 8, 2005, the City issued $2,270,000 general obligation refunding bonds, the proceeds of which were placed in an irrevocable escrow, to advance refund $2,130,000 of the outstanding 1999 general obligation bonds (maturing 2012-2019, payable by the Library Debt Service Fund). At April 30, 2009, $2,130,000 of the 1999 general obligation bonds were outstanding and will be called and paid from escrow on January 1, 2010.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	$ 8,633,500	$ 8,633,500	$ 8,098,475
Licenses and Permits	431,000	431,000	237,683
Charges for Services	484,000	484,000	468,161
Investment Income	175,000	175,000	211,670
Miscellaneous	71,000	71,000	66,459
Total Revenues	9,794,500	9,794,500	9,082,448
EXPENDITURES			
General Government	3,179,700	3,179,700	3,086,566
Highways and Streets	1,368,100	1,818,700	1,888,216
Culture and Recreation	583,900	583,900	557,174
Total Expenditures	5,131,700	5,582,300	5,531,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,662,800	4,212,200	3,550,492
OTHER FINANCING SOURCES (USES)			
Transfer In	387,100	387,100	374,666
Transfer (Out)	(5,049,900)	(5,049,900)	(4,662,402)
Total Other Financing Sources (Uses)	(4,662,800)	(4,662,800)	(4,287,736)
NET CHANGE IN FUND BALANCE	$ -	$ (450,600)	(737,244)
FUND BALANCE, MAY 1			3,133,194
FUND BALANCE, APRIL 30			$ 2,395,950

(See independent auditor's report.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL POLICE PROTECTION FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Tax	$ 1,290,000	$ 1,290,000	$ 1,330,255
Total Taxes	1,290,000	1,290,000	1,330,255
Intergovernmental			
State Grant	16,200	16,200	10,957
Fire/Ambulance District	39,000	39,000	39,297
Community Unit School District 200	40,000	40,000	40,000
Total Intergovernmental	95,200	95,200	90,254
Fines and Fees			
Police Fines	430,000	430,000	390,922
Confidential Property Revenue	2,000	2,000	186
Total Fines and Fees	432,000	432,000	391,108
Other			
DARE Contributions	6,000	6,000	13,582
Miscellaneous Income	17,500	17,500	17,299
Extra Police Duty Charges	6,000	6,000	4,805
Total Other	29,500	29,500	35,686
Total Revenues	1,846,700	1,846,700	1,847,303
EXPENDITURES			
Public Safety			
Salaries	4,048,000	4,048,000	3,902,729
Benefits	1,291,500	1,291,500	1,279,387
Personal Services	90,500	90,500	75,709
Contractual Services	157,300	157,300	149,389
Commodities	135,500	135,500	136,294
Capital Outlay	14,000	14,000	9,057
Other Charges	1,500	1,500	644
Total Expenditures	5,738,300	5,738,300	5,553,209

(This schedule is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
POLICE PROTECTION FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (3,891,600)	$ (3,891,600)	$ (3,705,906)
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Corporate	3,891,600	3,891,600	3,705,906
Total Other Financing Sources (Uses)	3,891,600	3,891,600	3,705,906
NET CHANGE IN FUND BALANCE	$ -	$ -	-
FUND BALANCE, MAY 1			-
FUND BALANCE, APRIL 30			$ -

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	$ 1,200,000	$ 1,200,000	$ 1,264,287
Investment Income	10,000	10,000	16,441
Total Revenues	1,210,000	1,210,000	1,280,728
EXPENDITURES			
General Government	512,100	512,100	482,083
Public Safety	206,100	206,100	194,031
Highways and Streets	358,300	358,300	337,291
Culture and Recreation	322,700	322,700	303,727
Total Expenditures	1,399,200	1,399,200	1,317,132
OTHER FINANCING SOURCES (USES)			
Transfers In			
Utility	200,000	200,000	200,000
Total Other Financing Sources (Uses)	200,000	200,000	200,000
NET CHANGE IN FUND BALANCE	$ 10,800	$ 10,800	163,596
FUND BALANCE, MAY 1			50,045
FUND BALANCE, APRIL 30			$ 213,641

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) UAAL/ (OAAL) (2) - (1)	(5) Covered Payroll	UAAL/ (OAAL) as a Percentage of Covered Payroll (4) / (5)
2003	$ 11,793,601	$ 13,179,506	89.48%	$ 1,385,905	$ 5,014,026	27.64%
2004	12,713,702	14,553,460	87.36%	1,839,758	5,282,401	34.83%
2005	13,640,898	15,867,973	85.96%	2,227,075	5,979,553	37.24%
2006	13,969,370	16,288,065	85.76%	2,318,695	6,456,243	35.91%
2007	15,645,483	18,105,180	86.41%	2,459,697	6,705,454	36.68%
2008	14,774,352	19,482,441	75.83%	4,708,089	6,804,997	69.19%

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
SHERIFF'S LAW ENFORCEMENT PERSONNEL (SLEP) PLAN

April 30, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2003	$ -	$ -	0.00%	$ -	$ -	0.00%
2004	-	-	0.00%	-	-	0.00%
2005	-	-	0.00%	-	-	0.00%
2006	-	-	0.00%	-	-	0.00%
2007	51,343	39,892	128.71%	(11,451)	114,449	(10.01%)
2008	77,070	69,474	110.93%	(7,596)	118,599	(6.40%)

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2009

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	$ 8,798,099	$ 13,619,845	64.60%	$ 4,821,746	$ 1,794,531	268.69%
2005	9,621,897	15,153,429	63.50%	5,531,532	2,022,026	273.56%
2006	11,325,331	16,524,646	68.54%	5,199,315	2,233,583	232.78%
2007	12,530,084	17,706,051	70.77%	5,175,967	2,573,706	201.11%
2008	13,307,776	19,977,150	66.61%	6,669,374	2,743,699	243.08%
2009	11,389,645	21,033,633	54.15%	9,643,988	2,704,686	356.57%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

April 30, 2009

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	$ -	$ -	0.00%	$ -	$ -	0.00%
2005	-	-	0.00%	-	-	0.00%
2006	-	-	0.00%	-	-	0.00%
2007	-	-	0.00%	-	-	0.00%
2008	-	-	0.00%	-	-	0.00%
2009	-	700,797	0.00%	700,797	8,756,090	8.00%

The initial valuation was completed in FY09

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2009

Actuarial Valuation Date December 31,	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
2003	$ 353,489	$ 353,489	100.00%
2004	472,775	472,775	100.00%
2005	606,327	606,327	100.00%
2006	679,197	679,197	100.00%
2007	704,743	704,743	100.00%
2008	715,205	715,205	100.00%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
SHERIFF'S LAW ENFORCEMENT PERSONNEL (SLEP) PLAN

April 30, 2009

Actuarial Valuation Date December 31,	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
2003	$ -	$ -	0.00%
2004	-	-	0.00%
2005	-	-	0.00%
2006	-	-	0.00%
2007	15,119	15,119	100.00%
2008	15,453	15,453	100.00%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2009

Actuarial Valuation Date April 30,	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
2004	$ 530,061	$ 479,576	110.53%
2005	590,044	472,935	124.76%
2006	647,608	550,019	117.74%
2007	704,684	588,084	119.83%
2008	723,721	635,875	113.81%
2009	717,652	747,174	96.05%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS

April 30, 2009

Actuarial Valuation Date April 30,	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
2004	$ -	$ -	0.00%
2005	-	-	0.00%
2006	-	-	0.00%
2007	-	-	0.00%
2008	-	-	0.00%
2009	28,284	38,255	73.94%

The initial valuation was completed in FY09

1. BUDGETS

Annual budgets are adopted for all governmental, proprietary and pension trust funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

All departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by fund, department and account, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended throughout the year by the governing body.

The budget officer can transfer amounts between accounts within a department for the General Fund and within a fund for all other funds; however, transfers between funds must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and the fund level for all other funds. During the year, several budget transfers were adopted and are reflected in the financial statements.

2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund/Department	Excess
General Fund	
City Manager's Office	$ 13,437
City Hall	3,291
Streets	69,516
Recreation	10,206
Aquatic Center Fund	51,551
Hotel/Motel Tax Fund	5,000
Motor Fuel Tax Fund	14,013
Public Parks Fund	10,597
Recreation Center Fund	3,537

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund - to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Police Protection Fund - to account for the operations for the City's Police Department. Financing is primarily provided by operating transfers from the General Fund and a limited property tax levy.

Illinois Municipal Retirement Fund - to account for pension and social security expenditures. Financing is provided by an unlimited tax levy.

Capital Improvements Fund - to account for the purchase of major capital equipment and construction or expansion of facilities. Financing is provided by operating transfers, bond proceeds, telecommunication taxes, grants and impact fees.

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
TAXES			
Property	$ 2,075,000	$ 2,075,000	$ 1,951,462
Sales	3,800,000	3,800,000	3,369,011
Income	2,468,500	2,468,500	2,512,549
Replacement	290,000	290,000	265,453
Total Taxes	8,633,500	8,633,500	8,098,475
LICENSES AND PERMITS			
Licenses			
Liquor	86,000	86,000	86,636
Other Business	-	-	2,399
Permits			
Building	300,000	300,000	140,363
Stormwater	25,000	25,000	5,285
Annexation Fees	20,000	20,000	3,000
Total Licenses and Permits	431,000	431,000	237,683
CHARGES FOR SERVICES			
Franchise Fees	250,000	250,000	233,323
Filing Fees	5,000	5,000	13,340
Recreation Program Fees	223,000	223,000	221,498
Rental Property Receipts	6,000	6,000	-
Total Charges for Services	484,000	484,000	468,161
INVESTMENT INCOME	175,000	175,000	211,670
MISCELLANEOUS	71,000	71,000	66,459
TOTAL REVENUES	$ 9,794,500	$ 9,794,500	$ 9,082,448

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
City Manager's Office	$ 454,900	$ 454,900	$ 468,337
City Hall	111,600	111,600	114,891
Finance	409,400	409,400	408,404
Human Resources	231,800	231,800	217,099
Community Development	704,100	704,100	650,167
Fleet Maintenance	246,100	246,100	243,054
Public Works Administration	454,000	454,000	415,466
Employer Health Contribution	567,800	567,800	569,148
Total General Government	3,179,700	3,179,700	3,086,566
HIGHWAYS AND STREETS			
Streets	1,368,100	1,818,700	1,888,216
Total Highways and Streets	1,368,100	1,818,700	1,888,216
CULTURE AND RECREATION			
Community Events	99,800	99,800	62,868
Recreation	484,100	484,100	494,306
Total Culture and Recreation	583,900	583,900	557,174
TOTAL EXPENDITURES	$ 5,131,700	$ 5,582,300	$ 5,531,956

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF TRANSFERS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
TRANSFERS IN			
Utility	$ 372,100	$ 372,100	$ 359,666
Northern Illinois Special Recreation	10,000	10,000	10,000
Police Pension	5,000	5,000	5,000
Total Transfers In	387,100	387,100	374,666
TRANSFERS (OUT)			
Debt Service	(287,900)	(287,900)	(114,800)
Police Protection	(3,891,600)	(3,891,600)	(3,705,906)
Public Parks	(435,400)	(435,400)	(446,045)
Performing Arts	(242,000)	(242,000)	(225,949)
Paratransit	(193,000)	(193,000)	(169,702)
Total Transfers (Out)	(5,049,900)	(5,049,900)	(4,662,402)
NET TRANSFERS	$ (4,662,800)	$ (4,662,800)	$ (4,287,736)

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunications Tax	$ 1,000,000	$ 1,000,000	$ 967,012
Total Taxes	1,000,000	1,000,000	967,012
Fines and Fees			
Capital Expansion Fees - Police	100,000	100,000	32,650
Capital Expansion Fees - Streets	25,000	25,000	7,473
Annexation Fees	50,000	50,000	-
Total Fines and Fees	175,000	175,000	40,123
Investment Income	300,000	300,000	111,286
Restricted Revenues			
Route 47 Improvements	25,000	25,000	4,761
Raffel Road Contribution	80,000	80,000	-
McConnell Road Improvements	60,000	60,000	30,000
Total Restricted Revenues	165,000	165,000	34,761
Private Contributions			
Other	15,000	15,000	19,124
Total Private Contributions	15,000	15,000	19,124
Total Revenues	1,655,000	1,655,000	1,172,306

(This schedule is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
CAPITAL IMPROVEMENTS FUND

For the Year Ended April 30, 2009

	Original Budget	Final Budget	Actual
EXPENDITURES			
Capital Outlay			
General Administration	$ 100,000	$ 100,000	$ 12,189
Public Facilities	7,000,000	7,000,000	73,656
Public Safety	100,000	100,000	8,379
Parks	76,100	76,100	21,592
Motor Pool	135,000	135,000	-
Streets/Sidewalks/Signals	1,130,000	1,130,000	311,100
Stormwater Management	280,000	280,000	217,117
Total Expenditures	8,821,100	8,821,100	644,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,166,100)	(7,166,100)	528,273
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	12,000,000	12,000,000	-
Transfer In			
Park Development	76,100	76,100	-
Transfer (Out)			
Debt Service	(481,900)	(481,900)	(571,800)
Total Other Financing Sources (Uses)	11,594,200	11,594,200	(571,800)
NET CHANGES IN FUND BALANCE	$ 4,428,100	$ 4,428,100	(43,527)
FUND BALANCE, MAY 1			3,455,180
FUND BALANCE, APRIL 30			$ 3,411,653

(See independent auditor's report.)

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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Letterhead of:
Evans, Froehlich, Beth & Chamley

_______________, 2010

$_________ GENERAL OBLIGATION [WATERWORKS AND SEWERAGE] REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2010[A-E]
OF THE
CITY OF WOODSTOCK
McHENRY COUNTY, ILLINOIS

Opinion of Bond Counsel

We have acted as bond counsel for and have examined, among other things, certified copies of the proceedings of the City Council of, the City of Woodstock, in McHenry County, Illinois (the "**Issuer**"), in connection with the issuance by the Issuer of its $_________ General Obligation [Waterworks and Sewerage] Refunding Bonds (Alternate Revenue Source), Series 2010[A-E] (the "**Bonds**"), dated ___________, 2010, which bear interest and mature annually on December 1 of the years in the principal amount in each year, as follows:

Year	Principal Amount($)	Interest Rate (%)
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		

Interest is due and payable semiannually on June 1 and December 1 of each year, commencing December 1, 2010.

The Bonds are in the form as required by law, and the proceedings by which the Bonds were issued show lawful authority for the issuance thereof under the laws of the State of Illinois. The Bonds are subject to call for optional redemption prior to maturity, on and after June 1, 2020, as therein provided. [Series 2010B only: The Bonds are not subject to call for optional redemption.]

The Bonds are issuable in fully registered form in the denomination of $5,000 each or any authorized integral multiple thereof. UMB Bank, through its principal corporate trust office in St. Louis, Missouri, is the registrar (together with its successors, the "**Bond Registrar**") and paying agent (together with its successors, the "**Paying Agent**") in connection with the Bonds. As provided in the Bonds, payment of the installments of interest on the Bonds shall be made to the registered owners of the Bonds at their addresses as shown on the registration books of the Issuer maintained by the Bond Registrar at the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding each interest payment date and shall be paid by check or draft of the Paying Agent, payable in lawful money of the United States of America, mailed to such registered owners at their addresses appearing on such registration books or at such other addresses furnished in writing by such registered owners to the Bond Registrar.

The Bonds are issued by the Issuer for the purpose of paying all or a part of the costs of refinancing certain municipal facilities by refunding certain prior bonds and paying costs of issuance of the Bonds, pursuant to and in all respects in compliance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq*. of Chapter 65 of the Illinois Compiled Statutes) and the Local Government Debt Reform Act (Section 350/1 *et seq*. of Chapter 30 of the Illinois Compiled Statutes), and all acts amendatory thereof and supplementary thereto (collectively, the "**Act**"), and in compliance with Ordinance No. 10-0-34, adopted June 15, 2010 (as supplemented and amended, the "**Bond Ordinance**").

For the prompt payment of the Bonds, and any obligations on equal parity therewith, both principal and interest, in addition to pledging [Insert as applicable: Net Revenues of the Issuer's Waterworks and Sewerage System, Sales Taxes, Incremental Taxes, Telecommunication Taxes and Library Fees and Taxes], constituting Pledged Revenues, as each term is defined in the Bond Ordinance, the Issuer has provided for a levy of taxes, without limit as to rate or amount to pay the principal of and interest on the Bonds.

We are of the opinion that the foregoing show lawful authority for the issuance and sale of the Bonds as "**alternate bonds**" under and pursuant to the Constitution and laws of the State of Illinois, and that the Bonds constitute legal, valid and binding general obligations of the Issuer, in connection with which the Issuer has provided for a levy of taxes without limit as to rate or amount to pay when due the principal thereof and interest thereon.

Based on the foregoing we are of the opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

(2) The Bonds are in the form required by applicable law and are valid and legally binding obligations of the Issuer, payable, both as to principal and interest, from Pledged Revenues and Pledged Taxes to be levied without limitation as to rate or amount.

(3) Subject to the Issuer's compliance with certain covenants, under present law, interest on the Bonds **(i)** is excludable from gross income of the owners thereof for federal income tax purposes, **(ii)** is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the **"Code"**), and **(iii)** is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure by the Issuer to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

(4) We also are of the opinion that the Bonds are **"qualified tax-exempt obligations"** pursuant to Section 265(b)(3) of the Code.

(5) We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Issuer with respect to certain material facts within the Issuer's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully yours,